# Solvency and Financial Condition Report
# Intesa Sanpaolo Vita Insurance Group
# 31st December 2017

**The Insurance Parent Company**
**INTESA SANPAOLO VITA S.p.A.**
Headquarters: Corso Inghilterra, 3 – 10138 Turin
Administration offices: Viale Stelvio, 55/57 – 20159 Milan
Turin Companies Register No. 02505650370 – Share capital 320,422,508.00 euro fully paid
Listed on the Register of Insurance and Reinsurance Companies at no. 1.00066
Parent Company of the Intesa Sanpaolo Vita Insurance Group, listed on the Register of Insurance Groups at no. 28
Company subject to direction and coordination by Intesa Sanpaolo S.p.A.

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# Introduction

This “Single Report on Solvency and Financial Condition of the Intesa Sanpaolo Vita Insurance Group” (the “Report”) of the Intesa Sanpaolo Vita Insurance Group (the “Insurance Group” or the “Group”) was prepared in accordance with:

- the provisions on public disclosures contained in Articles 290 - 303 of Title I, Chapter XII of Delegated Regulation no. 35/2015 of the European Commission, of 10th October 2014, which supplements Directive No. 138/2009 of the European Parliament on the taking-up and pursuit of the business of insurance and reinsurance (the “Directive”);
- Implementing Regulation (EU) 2452/2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with the Directive;
- IVASS Regulation No. 33/2016, concerning public disclosure and reporting to IVASS, which contains supplementary provisions regarding the content of the Solvency and Financial Condition Report and the Regular Supervisory Report to IVASS (“Regular Supervisory Report”;
- Letter to the market issued by IVASS on 28th March 2018 which takes into consideration the “*Assessment of the Solvency and Financial Condition Reporting*” published by EIOPA on 11th October 2017.

On 31st December 2017, the Intesa Sanpaolo Vita Insurance Group was formed of the insurance companies Intesa Sanpaolo Vita S.p.A., Intesa Sanpaolo Assicura S.p.A., Fideuram Vita S.p.A. and Intesa Sanpaolo Life D.A.C. (respectively “Intesa Sanpaolo Vita”, “Intesa Sanpaolo Assicura”, “Fideuram Vita” and “Intesa Sanpaolo Life”, and collectively the “Companies”). Intesa Sanpaolo Smart Care S.r.l. (“Intesa Sanpaolo Smart Care”) underwent a corporate transaction during 2017 which meant that it has exited the Group consolidation perimeter.

This Report is accompanied by the reports of the auditing firm engaged by Intesa Sanpaolo Vita in the auditing for Section D “Information on valuation for solvency purposes” and sub-section E.1 “Own Funds”, according to the provisions of Article 47f(7) of the Code of Private Insurance, and in accordance with the IVASS Letter to the Market of 7th December 2016.

It should be noted that:

- The Intesa Sanpaolo Vita Insurance Group prepares its consolidated accounts in accordance with the IAS/IFRS;
- Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura and Fideuram Vita S.p.A. prepare individual accounts in accordance with the Italian accounting standards;
- Intesa Sanpaolo Life prepares its individual accounts in accordance with the IAS/IFRS.

Therefore the amounts taken from the Group Financial Statements and from those of the Group Companies, as shown in this document, follow the above-mentioned accounting standards. It also includes comparative data with 2016, in accordance with Article 293(2), (3) and (4) of the Delegated Regulation.

This Report was approved by the Board of Directors of Intesa Sanpaolo Vita on 14th June 2018 as required by Article 47i of the Private Insurance Code.
Attached to the report is the information for the Quantitative Reporting Template as required by Article 4 of the Implementing Regulation (EU) 2015/2452 as amended by the Implementing Regulation (EU) 2017/2019.

The report is published on the companies' websites, which are:
- www.intesasanpaolovita.it
- www.intesasanpaoloassicura.com
- www.fideuramvita.it
- www.intesasanpaololife.ie

# Summary of contents

In relation to Article 292 of the Delegated Regulation, the following report contains the key data regarding the:

- Action Lines and Business Development;
- Activities and results;
- Governance system;
- Risk profile;
- Valuation for solvency purposes;
- Management of Group capital and of the individual companies in the Group.

### Action Lines and Business Development

In 2017 the strategic lines followed by the Intesa Sanpaolo Vita Group led to the completion of the objectives set out in the Intesa Sanpaolo Group Business Plan for 2014/2017. In line with the two previous years, the Group's main actions focused on the following aspects:

- ensuring adequate levels of capitalisation for the Intesa Sanpaolo Vita Group, paying particular attention to the solvency targets set out in the business plan;
- encouraging customer-focused product innovation, in accordance with the new legislative and regulatory framework;
- favour continuous monitoring, control and management by developing an adequate corporate culture for the complete control of risks;
- invest in human resources, by favouring measures to promote dialogue and incentivise team working, partly by introducing projects to encourage innovation and talent promotion;
- optimise the financial control of Asset and Liability Management;
- control expenditure, with particular attention on Cost Management.

During the year the Life companies of the insurance group curried out a project to upgrade their insurance policies. In particular, Intesa Sanpaolo Vita and Fideuram Vita focused on customers in the retail, personal and private segments. Intesa Sanpaolo Life, the insurance group's Irish company not only supported the Italian life insurance market with its own range of policies, most of them unit linked, but also continued its work on a major retail project for the Spanish market.
In Italy, the Life companies continued their winning strategy launched in 2015, of distributing multi-line policies that allow them to pursue performance targets for their customers in accordance with risk appetite, and more in line with the market situation of recent years.
Intesa Sanpaolo Assicura, the group's non-life company, focused on optimising its retail processes and continued the enhanced range of Protection policies which it began developing and selling in the previous year.

The results of the Intesa Sanpaolo Vita Life group, despite being affected by the macro economic trend in 2017, were entirely satisfactory and allowed it to realise its objectives as set out in the 2014/2017 business plan of the Intesa Sanpaolo Group, and maintain its leadership of the national life insurance market, the nonlife bancassurance market, and in the pensions segment with particular reference to open pension funds.

Customers' approval for the Group's insurance products indicates the passion and professionalism invested by the Companies and the capabilities and same level of professionalism shown by the Intesa Sanpaolo retail network.
The results of all the lines of the Insurance Group were achieved in the context of the usual governance principles which are aimed at ensuring robust capitalisation compared to solvency requirements, both on the balance sheet date, and forward.
With regard to the future, the new Industrial Plan of the Intesa Sanpaolo Group for 2018/2021 gives the Insurance Group an important role with the objective of consolidating the Life business, and a major development role to Intesa Sanpaolo Assicura whose objective is to become Italy's leader in the retail non-motor market, and one of the top 4 non-life insurers in the country. The new organisational structure was set up for the Parent Company Intesa Sanpaolo Vita and the non-life company Intesa Sanpaolo Assicura, to control this new mission, effective from 1st February 2018.

Section A of this document illustrates the activities and the results achieved by the Group, and by each company. It provides the quantitative information provided for in the reference Solvency regulations, and where possible links the aggregate values to the corresponding income statement values on each Local financial report.

With reference to the consolidated accounts of the Intesa Sanpaolo Vita Group, based on IAS/IFRS, and the local financial reports based on Italian financial reporting standards, the main indicators of the past year are highlighted below:

*(euro millions)*

| Income Statement | 2017 | 2016 | Change | |
|---|---|---|---|---|
| **Intesa Sanpaolo Vita Group** | | | | |
| Gross Premium | 22,959.5 | 24,326.7 | -1,367.2 | -5.6% |
| Net Profit IAS/IFRS of Group | 639.3 | 691.1 | -51.8 | -7.5% |
| **Individual Balance Sheet** | | | | |
| Net Profit ISV | 335.4 | 722.3 | -386.9 | -53.6% |
| Net Profit ISA | 43.5 | 44.0 | -0.5 | -1.2% |
| Net Profit ISL | 111.5 | 69.8 | 41.7 | 59.7% |
| Net Profit FV | 52.2 | 58.1 | -5.9 | -10.1% |

| Group Data | 2017 | 2016 | Change | |
|---|---|---|---|---|
| **Number of Life Contract** | 4.043.420 | 3.812.071 | 231.349 | 6,1% |
| **Number of Non Life Contract** | 2.360.252 | 2.068.211 | 292.041 | 14,1% |
| **Number of Human Resource** | 750 | 707 | 43 | 6,1% |

below are the main indicators related to the Solvency regulations for the Group and for each company:

*(euro millions)*

| | | Intesa Sanpaolo Vita | Intesa Sanpaolo Assicura | Fideuram Vita | Intesa Sanpaolo Life | Intesa Sanpaolo Vita Insurance Group |
|---|---|---|---|---|---|---|
| A. | Solvency Capital Requirement (SCR) | 2,792.2 | 179.4 | 501.5 | 410.2 | 3,440.2 |
| B. | Minimum Capital Requirement (MCR) | 1,256.5 | 80.8 | 225.7 | 184.6 | 1,747.5 |
| C. | Eligible Own Funds to meet the SCR | 7,111.3 | 327.2 | 856.6 | 1,139.1 | 7,984.0 |
| D. | Eligible Own Funds to meet the MCR | 6,208.3 | 327.2 | 757.1 | 1,139.1 | 7,034.7 |
| C. / A. | Ratio Eligible Own Funds on SCR | 254.7% | 182.3% | 170.8% | 277.7% | 232.1% |
| D. / B. | Ratio Eligible Own Funds on MCR | 494.1% | 405.2% | 335.5% | 617.0% | 402.6% |

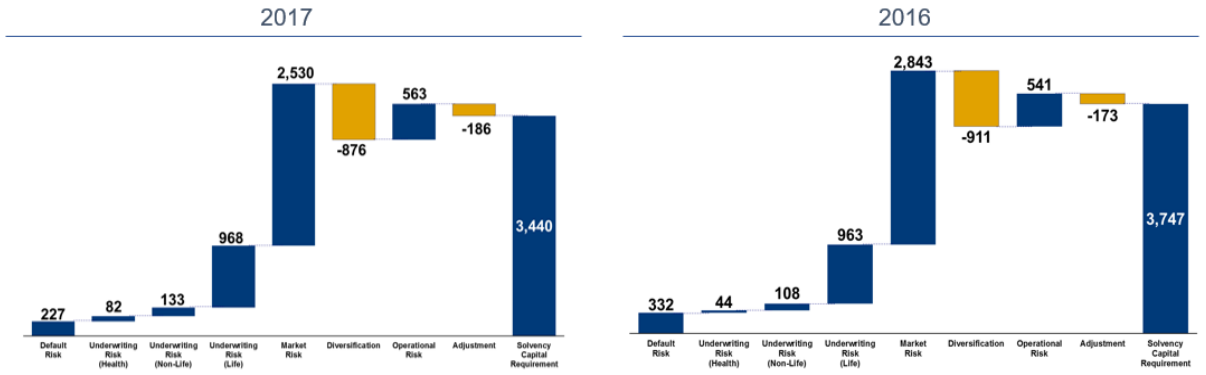
The Group's governance system is proportionate to the nature, scope and complexity of the activities of the Group Companies and to their risk profile, as illustrated in more detail in Section B.

The Group has a risk management system tailored to each insurance company, as described in Section C. The risk management system is formalised through internal regulation policies issued by each company according to the guidelines of the Insurance Parent Company, (Article 30a(4) of the Code of Private Insurance).

Special attention is paid to the major risks that could undermine the solvency of each company, or that could affect the objectives set by the Resolution on risk appetite. The main objective of the risk management system is to guarantee the capacity to fulfil obligations towards policyholders, beneficiaries, injured parties and stakeholders in general.

With reference to the risks measured for the purposes of quantifying the regulatory capital requirements, below is an indication of the contribution made by each risk to the solvency capital requirement.

**Composition of Solvency Capital Requirement (millions of euro)**

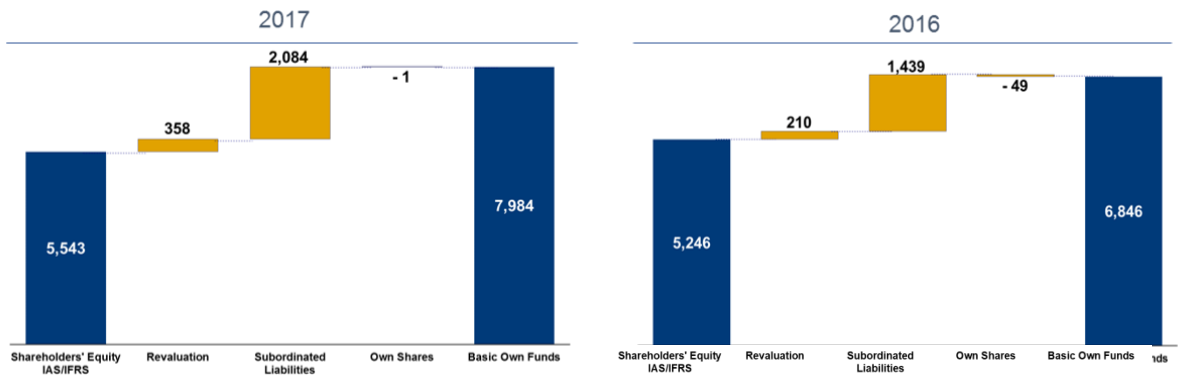



For the solvency indicated in Section D, assets have been valued in accordance with IAS/IFRS, in line with the valuation approach outlined in Article 75 of Directive 2009/138/EC ("Directive").

To determine the own funds eligible to cover the solvency capital requirement, each company is required to prepare its own report on its financial situation for solvency purposes (Solvency Report), according to the principles outlined above. This is different from the annual financial reports, and it is used to quantify the own funds to be included in the calculation the solvency ratio of the group and of the individual insurance companies.

Below is shown a representation of the own funds of the Insurance Group compared to the net assets of the Consolidated Financial Statements of the Intesa Sanpaolo Vita Insurance Group on 31st December 2017.

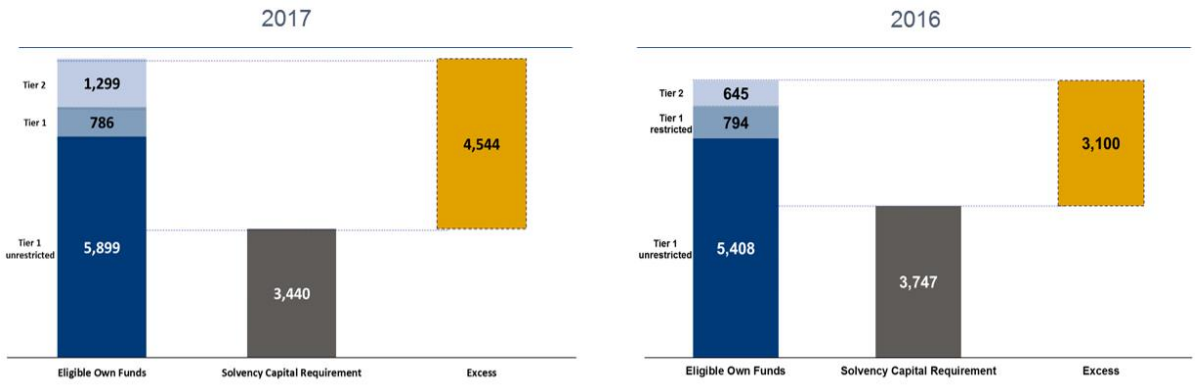
**From Equity on the financial statements to Solvency II Own Funds (millions of euro)**




Section E, Capital Management, focuses on representing the solvency position of the Intesa Sanpaolo Vita Insurance Group, and of each company in the consolidation area.

Below is a comparison between the Own Funds and the Solvency Capital Requirement of the Intesa Sanpaolo Vita Insurance Group as at 31st December 2017 and 31st December 2016.

**Comparison between Own Funds and Solvency Capital Requirement (millions of euro)**



# A. Activities and results

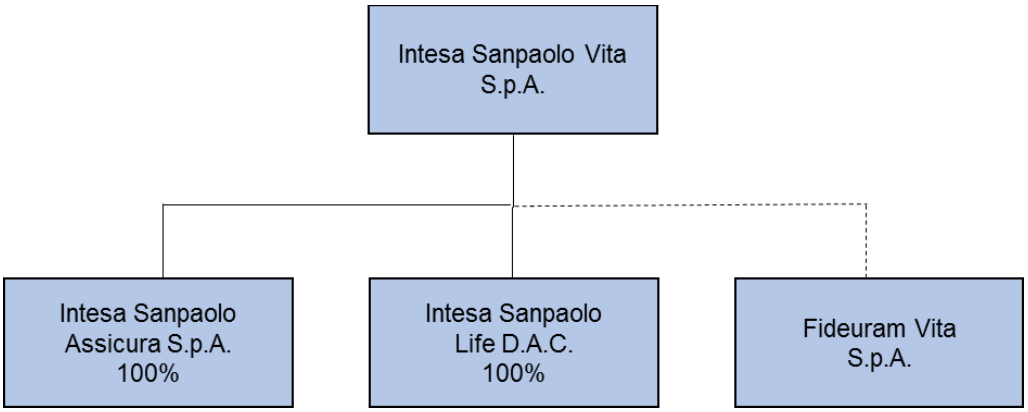
## A.1 Activities

### A.1 Activities - Intesa Sanpaolo Vita Insurance Group

The QRT S.32.01 template annexed to this report contains a list of the individual companies in the insurance group.

The Intesa Sanpaolo Vita Insurance Group is listed on the IVASS register of insurance groups at number 28.

The Group structure is represented below:




---- Fideuram Vita is within the consolidation area of the Intesa Sanpaolo Vita Insurance Group (Article 96 of legislative decree 209/2005 – Private Insurance Code) although there is no participatory control by Intesa Sanpaolo Vita S.p.A.

In terms of the direction and coordination activities, the Insurance Parent Company provides the Group entities with strategic guidelines and governs the monitoring and supervising activities, to ensure sound and prudent management.

The Insurance Group Governance system is designed to provide adequate capitalisation to the Group companies, having regard to the current regulatory requirements. On 1st January 2016, the new “Solvency II” regulatory system came into force, and therefore the Group has fulfilled the new requirements.

The Group operates in the Life and Pensions insurance sector, in which it is a leader on the Italian market. It also operates in the Non-life segment, through Intesa Sanpaolo Assicura. The production data for 2017, compared against the previous year, are given below.

*(euro millions)*

| Techical Data | 2017 | 2016 | Change | |
|---|---|---|---|---|
| Gross Premium | 22,528.0 | 23,933.0 | -1,405.0 | -5.9% |
| Life Profit Premium | 5,871.4 | 7,531.8 | -1,660.4 | -22.0% |
| Unit Linked Premium | 16,656.5 | 16,401.2 | 255.3 | 1.6% |
| Non Life Premium | 431.6 | 393.8 | 37.8 | 9.6% |
| New Life Premium of year | 22,268.6 | 23,650.6 | -1,382.0 | -5.8% |
| Claims Incurred | -16,330.7 | -14,072.2 | -2,258.5 | 16.0% |
| Net Life Premium of year | 5,937.9 | 9,860.7 | -3,922.8 | -39.8% |

From a retail point of view, in general the Insurance Group relies on the banking network of the Intesa Sanpaolo Group to distribute its own insurance, savings, investment and pension products.

Through Fideuram Vita S.p.A., the Group also relies on a network of more than 5,600 financial advisers and private bankers located in every major Italian city and region, belonging to Fideuram S.p.A., Sanpaolo Invest Sim and Intesa Sanpaolo Private Banking.

Finally, for smaller portfolios, the company also has marketing agreements with extracaptive banks who are not part of the Intesa Sanpaolo Group. These mainly relate to after sales operations, and to a minimal extent, to retail activity in the pensions segment.

On 31st December 2017, the consolidated accounts of the Intesa Sanpaolo Vita Insurance Group showed a net profit of 639.3 million euro compared to 691.1 million euro for the previous year, an increase of 7.5%.

The Insurance Group regulates infragroup operations under the Framework Resolution for Infra Group Operations in accordance with Art. 8 of IVASS Regulation No. 30/2016. Together with the central departments of Intesa Sanpaolo, it also produces an updated list of the infra group counterparties including the related parties of the Intesa Sanpaolo Group, among others:

1. Companies of the Intesa Sanpaolo Vita Insurance Group;
2. Companies controlled by Intesa Sanpaolo that do not belong to the Intesa Sanpaolo Vita Insurance Group;
3. Companies affiliated to Intesa Sanpaolo that do not belong to the Intesa Sanpaolo Vita Insurance Group.

According to the contents of the above-mentioned framework resolution, it should be noted that each Insurance Group company:

- carries out intragroup operations in accordance with the principles of sound and prudent management, and does not carry out any operation that could adversely affect the solvency of the group or of the companies involved, or that could cause harm to the interests of the insurance companies involved (Article 6 (1));
- conducts intragroup operations under market conditions, as the carrying out of operations under non-market conditions is only permitted on an exceptional basis, under application of the regulations concerning operations to be reported to IVASS “in all circumstances” (Article 6(2));
- has, within its corporate governance system, adequate risk management and internal control systems, which must be structured both at individual company level and at group level, for the constant supervision of all intragroup operations (Article (1));

- adopts a specific framework resolution for intragroup operations – this is reviewed at least annually by the executive body, and its object is to obtain a specific policy in line with the investments strategy and related policies, to define the terms and conditions of intragroup operations and to identify the criteria and categories of significance, highly significant and reportable transactions based on the potential impact on solvency and risk profile, and in relation to the type of operation and counterparty (Article 8);
- reports annually to IVASS, via Intesa Sanpaolo Vita, on significant annual intergroup operations, and highly significant operations (monthly, as promptly as possible) (Section IV).

## A.1 Activities - Intesa Sanpaolo Vita S.p.A.

**Intesa Sanpaolo Vita S.p.A.**
Intesa Sanpaolo Vita S.p.A. - Company operating in the Life and Non-life insurance business.
Share capital: euro 320,422,508.
Head office in Turin, Corso Inghilterra 3. Administration offices in Milan, Viale Stelvio 55/57.
Tax Identification number and Turin Companies Register number: 02505650370.
Number of registration on the Register of insurance and reinsurance companies: 1.00066.
Parent company of the Intesa Sanpaolo Vita Insurance Group, referred to above.

For a graphic representation of Intesa Sanpaolo Vita's position within the Insurance Group, referred to the illustration of the Insurance Group structure, shown above.

Company subject to direction and coordination by Intesa Sanpaolo S.p.A. ("Intesa Sanpaolo"), which holds 99.985% of the share capital. Intesa Sanpaolo, a listed company, has its head office in Turin, Piazza San Carlo 156, and a secondary office in Milan, Via Monte di Pietà 8. It is listed on the register of banks at no. 5361 and is Parent Company of the Intesa Sanpaolo Banking Group.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Intesa Sanpaolo Vita operates nationally, through to the retail network of the Intesa Sanpaolo Banking Group. Its offer is mainly directed to retail customers, households, and small and medium businesses. Through Fideuram Intesa Sanpaolo Private Banking, Intesa Sanpaolo Vita also offers its insurance services to private customers.

The company operates in the following areas of activity:

A. Non-life insurance obligations

- Medical costs insurance
- Income protection insurance

B. Life insurance obligations

- Insurance with profit participation
- Index-linked and unit-linked insurance including pensions policies.
- Other life insurance, namely risk-only policies.

In 2017 the significant events impacting the company's business were the pursuit of the objectives in the 2014/2017 Intesa Sanpaolo Business Plan, by means of efficiency drives, cost cutting, and greater commercial incisiveness. The Company has achieved excellent results in terms of the trend in business, the high insurance performances as well as its financial solidity, by pursuing the strategy outlined in the business plan.

Financial efficiency was one of the objectives obtained by the company during the year by investing in high potential markets and exploiting the competitive edge that it has consolidated in recent years. Innovation and creativity were the keys to fulfilling customers' needs and the requirements of our sales network.
During the year the company conducted a welcome campaign for customers from the Veneto savings banks (Banca Popolare di Vincenza and Veneto Banca), the main feature of which was the provision of a dedicated investment insurance policy (it consists exclusively of a Separate Management product). The company has prepared two separate policies: private and retail.
During 2018 the company intends to continue its policy of strengthening the Life market leadership, in particular:

- Improving its profitability to further strengthen its competitive edge;
- Maintaining its leadership in technical performance, by consolidating the restructuring towards policies with lower capital absorption;
- Improving the value of the average cover by consolidating the sale of multi-line policies;
- Guaranteeing adequate levels of capitalisation by paying particular attention to compliance with the requirements of the Solvency regulations;
- favour continuous monitoring, control and management by developing an adequate corporate culture for the complete control of risks;
- invest in human resources, by favouring measures to promote dialogue and incentivise team working, partly by introducing projects to encourage innovation and talent promotion;
- optimise the financial control of Asset and Liability Management;
- control expenditure, with particular attention on Cost Management.

These strategic lines led to the excellent results that were achieved during the year, in line with the indications of the 2014-2017 Business Plan of the Intesa Sanpaolo Group. Therefore, during 2017, Intesa Sanpaolo Vita:

- consolidated its prominent position on the national Life insurance market;
- further reduced the cost of premium collection and portfolio coverage compared to previous years, thanks to specific product approaches such as the introduction of multi-line policies, and by keeping a strong focus on Linked products;
- continued to implement a policy of reducing risks and consolidating the system of internal controls.

From a commercial point of view, 2017 saw a reduction of approximately 6% in the collection of premiums compared to 2016, but highlighted a different type of output, mainly in the Life segment. The products highlighted are the multi-line and pensions business. The gross receipts for the year of just under 10 billion euro confirm that customers are satisfied with the new type of product.

In terms of the retail network, the contribution by the Regional Banks Division of Intesa Sanpaolo corresponded to 78% of the total, with an increase compared to the previous year. Meanwhile

the Private Banking division fell to 20%, compared to 28% in the previous year. Bank branches that are not part of the Intesa Sanpaolo Group made a contribution of 2% to global inflows.

Payouts, inclusive of liquidation costs, amounted to 10.627 million euro (net of the sums to be paid), which is an increase of 28% on the previous year. The percentage attributed to the Regional Banks Division accounts for 90% of the entire amount, while the share for the Private Banking Division represents just under 9%. The share for the financial advisers of the Banca Fideuram and Sanpaolo Invest networks accounts for 0.1%; liquidations attributed to the non-Intesa Sanpaolo Group Banks represent 2% of the total.

With reference to the Non-life classes, the portfolio is closed to new production and indicates premiums for the year of 1.08 million euro compared to 1.3 million euro for 2016. The contribution made by claims, on the income statement, equates to costs of 1.2 million euro, which is an increase compared to the 0.2 million euro of net income, recorded in the previous year.

The economic effects of the increase in technical provisions gross of reinsurance and net of the change in the provision for payouts highlight a negative profit contribution totalling 433 million euro. This highlights a decrease in the provision for Separate Management products of 3,032 million euro, and an increase of 109 million euro in the provisions for UCITS-linked policies (3.465 million euro) and risk-only policies. Compared to 2016, the increase in provisions for the entire portfolio was more contained, at 3.274 million euro.

Intesa Sanpaolo Vita carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2017 were the following:

- Payment of the dividend on 14th November 2017, in accordance with the conditions approved by the ordinary meeting of shareholders of Intesa Sanpaolo Vita on 7th November 2017. The Meeting authorised distribution of some of the other equity reserves at 0.39 euro for each of the 655,157,496 shares in the share capital;
- The contract sale and purchase of 5 listed and unlisted stocks to a counterparty of the Intesa Group for a total of 899 million euro;
- A derivatives contract was signed, with the counterparty being a bank in the Intesa Group, with a notional value of 604 million euro.
- Subscription of a subordinated loan with a nominal value of 600 million euro, paid by Intesa Sanpaolo S.p.a. with a value date of 21st July 2017;
- Recognition of commission for two multi-line policies with a total value of approximately 584 million euros.

## A.1 Activities - Intesa Sanpaolo Assicura S.p.A.

**Intesa Sanpaolo Assicura S.p.A.**
Company operating in the Life and Non-life insurance business..
Share capital: euro 27,912,258.
Head office and General Management in Turin, Corso Inghilterra 3. Administration offices in Turin, Corso Inghilterra 3, and in Milan, Viale Stelvio 55/57.
Tax Identification number and Turin Companies Register number: 06995220016.
Number of registration on the Register of insurance and reinsurance companies: 1.00125.

Intesa Sanpaolo Assicura is owned, directed and coordinated entirely by Intesa Sanpaolo Vita S.p.A., and belongs to the Intesa Sanpaolo Vita Insurance Group, as mentioned.

For a graphic representation of Intesa Sanpaolo Vita's position within the Insurance Group, refer to the illustration of the Insurance Group structure, shown above.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Intesa Sanpaolo Assicura operates nationally, mainly through the bank branches of the Intesa Sanpaolo Group, to retail its Home and Family, Motor, Business, Health, Finance, Lifestyle and Cards products. For the retail of the Finance and Business (Creditor Protection) and Motor policies, in 2017 the company relied on the Intesa Sanpaolo Group banks, and the retail network Accedo (formerly Intesa Sanpaolo Personal Finance). The subsidiary also relies on the financial advice network of the Fideuram Group - Intesa Sanpaolo Private Banking, for the retail of the Fideuram Health policy, and also has management-only agreements with extracaptive banks.

The company operates exclusively in the Non-life segment, in the following areas:

Non-life insurance obligations:

- Medical costs insurance
- Income protection insurance
- Motor vehicle liability insurance
- Other motor insurance
- Marine, aviation and transport insurance
- Fire and other damage to property insurance
- General liability insurance
- Credit and suretyship insurance
- Legal expenses insurance
- Assistance
- Miscellaneous financial loss

There were no significant events that impacted the company's business during 2017. During the year 2017, there was a 10% increase in the collection of premiums net of premiums transferred to reinsurers, with the figure rising from 386 to 423 million euro, and the related performance indicators also improved with risk parameters at the top level of the sector, in line with the growth plan. The Loss Ratio, which is a primary indicator of the economic efficiency of the technical management of a nonlife company, fell from 32% in 2016 to 28% in 2017, improving by 4%. The

Group's non-life company carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions. The company did not carry out significant infra-group transactions during the period (for the purposes of IVASS Regulation no. 30/2016).

## A.1 Activities – Fideuram Vita S.p.A.

**Fideuram Vita S.p.A.**
Company operating in the Life insurance business.
Share capital: euro 357,446,836.
Head office in Rome, Via Ennio Quirino Visconti 80.
Tax Identification number and Rome Companies Register number: 10830461009.
Number of registration on the Register of insurance and reinsurance companies: 1.00175.

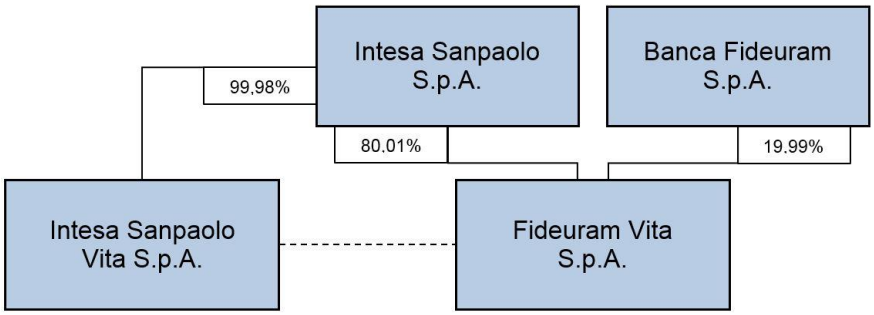
Fideuram Vita is owned as to 80.01% by Intesa Sanpaolo S.p.A. and as to 19.99% by FIDEURAM - Intesa Sanpaolo Private Banking S.p.A. Both are headquartered at Piazza San Carlo 156, Turin. The secondary office of Intesa Sanpaolo S.p.A. is in Milan, Via Monte di Pietà 8. The secondary office of Banca Fideuram is in Milan, Corso di Porta Romana 16.

Fideuram Vita belongs to the Intesa Sanpaolo Vita Insurance Group, and is directed and coordinated by Intesa Sanpaolo Vita, as the Insurance Group Parent.

The regulatory authority is IVASS ("Insurance Regulator"), headquartered in Rome at Via Del Quirinale 21 – 00187 – , Italy.

The firm responsible for the legal accounts auditing is KPMG S.p.A. headquartered in Milan, Via Vittor Pisani 27.

Below is a graph illustrating the company's position within the Intesa Sanpaolo Group:




------- Fideuram Vita is within the consolidation area of the Intesa Sanpaolo Vita Insurance Group (Article 96 of legislative decree 209/2005 – Private Insurance Code) although there is no participatory control by Intesa Sanpaolo Vita S.p.A.

Fideuram Vita operates nationally, through to an extensive retail network of 5,600 private bankers in every major Italian city and region, belonging to FIDEURAM - Intesa Sanpaolo Private Banking S.p.A., Sanpaolo Invest and Intesa Sanpaolo Private Banking.

Fideuram Vita operates exclusively in the Life segment, in the following areas of activity:

Life insurance obligations

- Insurance with profit participation
- Index-linked and unit-linked insurance including pensions policies.
- Other life insurance

During 2017 there were no significant events that impacted the business of Fideuram Vita. It ended the year 2017 with a positive net result of 52.2 million (based on Local accounting standards). Technical management continued to benefit from the gradual growth in net commission generated by the class D investments, which have risen by 9.1% compared to the values at the end of 2016 thanks to the growth in value of the underlying assets and net contributions for the period. With reference to the trend in production, 2017 again saw a growth in premiums receipts, encouraged by the prevalently positive mood on the financial markets and the appeal of innovative products that offer investors increasingly wide opportunities and investment solutions.

Fideuram Vita carried out various ordinary transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations. The company did not carry out any atypical or unusual transactions during the period, nor any infra group, related party or third party transactions.

The intragroup operations that were relevant for the purposes of IVASS Regulation No. 30/2016 in 2017 were the following:

- The contract sale and purchase of 18 listed and unlisted stocks to a counterparty of the Intesa Group for a total of 709 million euro;
- The signing of derivatives contracts with an Intesa Group bank, to cover the exchange risk of managed pension funds, with a total notional value of 4,140 million euro;
- The signing of commission agreements with an Intesa Group bank, for new policies launched in 2017, with the total payments amounting to 160 million euro.

## A.1 Activities – Intesa Sanpaolo Life D.A.C.

**Intesa Sanpaolo Life D.A.C.** - Company operating in the Life insurance business.
Share capital: euro 625,000.
Head office in Dublin, 1st Floor, International House, 3 Harbourmaster Place, IFSC - Dublin D01 K8F1.
Irish Companies Register number 284248.

Intesa Sanpaolo Life is owned entirely by Intesa Sanpaolo Vita S.p.A. and belongs to the Intesa Sanpaolo Vita Insurance Group.

For a graphic representation of the company's position within the Insurance Group, refer to the illustration of the Insurance Group structure, shown above.

The regulatory authority is the Central Bank of Ireland (CBI), New Wapping Street, North Wall Quay - Dublin 1.

The legal accounts auditor is KPMG Chartered Accountants and Statutory Audit Firm, 1 Harbourmaster Place, IFSC - Dublin 1.

The business of Intesa Sanpaolo Life is mainly focused on the retail of Unit Linked policies in Italy. During the year, Intesa Sanpaolo Life expanded the distribution of its policies in Spain and continued its research studies into other European countries.

The company's sole area of activity is:

Life insurance obligations

- Index-linked and unit-linked insurance.

During 2017, the main events affecting the Company were the following.

During the past year, the subsidiary Intesa Sanpaolo Life reviewed and updated part of its commercial offer and also expanded its presence on the Italian and European markets.

February saw the launch of "Selezione Private", a new investment product that gives private clients access to a wide and varied selection of financial solutions chosen from a panel of 75 funds pre-selected by Intesa Sanpaolo Life and included in the "best in class" for their category (Equity, Fixed Income, Balanced and Flexible).

*Exclusive Insurance* was updated to include Opportunities packages, which introduce a personal protection strategy for customers who decide to invest in this type of product. To ensure that its solutions are always in line with market trends, the company also updated the list of financial instruments available for the existing packages.

With the aim of strengthening its international position, Intesa Sanpaolo Life has launched two unit linked policies on the Spanish market: one is a recurring premium policy (April 2017) and one is single premium (October 2017). The distribution of policies for Spanish customers has been entrusted to a leading operator whose extensive network of agents will ensure that the policies are retailed across the whole country.

In December, Intesa Sanpaolo Life expanded its presence in Italy. Thanks to a distribution agreement with Cassa di Risparmio di Fermo, the company can now offer the new distributor's customers its new *Doppia Prospettiva* (Unit Linked single premium with internal funds) for retail customers.

During the year, Intesa Sanpaolo Life collected premiums of 8 billion euro, with a concentration on unit linked policies. This was against early exits of 2.7 billion euro.

The principal factors behind the excellent results achieved in 2017 include a series of products designed to meet the needs of customers, and the availability of an extensive network of agencies and branches within the Intesa Sanpaolo Group.

Intesa Sanpaolo Life carried out various ordinary financial transactions with companies in the Intesa Sanpaolo Group. These transactions took place under arm's-length conditions, based on reciprocal financial valuations.

During the period the company carried out the following significant infra-group transactions:

- 5 derivatives contracts were signed, with a bank in the Intesa Group, with a notional value of 293.5 million euro;
- payment of commission for outsourcing services with Intesa Group companies totalling 450 million euro.

# A.2 Underwriting results

## A.2 Underwriting results - Intesa Sanpaolo Vita Insurance Group

With reference to the QRT S.05.01 template annexed to this report, summarised below and compared against the figures for 2016, it can be seen that:

- gross production for the year net of reinsurance amounts to 22,526.5 million euro as to the Life business, and 343.5 million euro for the non-life business, giving a total of 22,870 million euro. Most of the Life segment relates to policies linked to investment funds, particularly unit linked policies which equate to 16.6 billion euro corresponding to 73% of the full amount, up by 5% on the previous year;
- The claims portion, of just over 16.4 billion euro, is up slightly on last year and 17% mainly related to the Life business (99%). As to liquidations in the Life business, 39.7% of payments came from unit linked policies, 60% from separate management policies, and the remaining 0.3% is linked to other Life policies;
- The change in other technical provisions (approximately - 8.5 billion euro) highlights the increase in the volumes managed by the Insurance Group, which amounted to more than 151 billion euro on 31st December 2017;
- The total expenditure of the Insurance Group amounts to 983 million euro, of which 814 million euro is for the Life business and 169 for the Nonlife business. This shows a reduction of 16% on the previous year, in line with the Group's cost-control policy. These costs include the agents' commission.

Below are the underwriting results divided by Solvency Line of business, as represented in the Quantitative Reporting Template (QRT) S.05.01. prepared in accordance with the Solvency Regulations (Delegated Acts, IVASS Regulations and the published EIOPA interpretations):

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting performance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Insurance with profit participation | 5,550,238.7 | 7,265,566.7 | -9,826,094.8 | -7,446,347.5 | 3,012,031.6 | -1,208,913.0 | -172,355.5 | -203,533.8 | -2,009.3 | -5,259.8 | **-3,104,126.9** | **-2,204,761.9** |
| Index-linked and unit-linked insurance | 16,656,528.6 | 16,341,297.3 | -6,476,781.0 | -6,470,296.6 | -11,389,029.6 | -10,343,523.0 | -537,363.6 | -389,069.7 | | | | |
| Other life insurance | 319,753.0 | 324,735.1 | -27,378.6 | -17,868.2 | -109,543.1 | 53,490.6 | -102,123.2 | -105,040.0 | | | | |
| **Total amount** | **22,526,520.3** | **23,931,599.1** | **-16,330,254.4** | **-13,934,512.3** | **-8,486,541.1** | **-11,498,945.4** | **-811,842.4** | **-697,643.6** | | | | |

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Medical expenses insurance | 5,855.5 | 6,183.8 | -4,076.4 | -3,998.5 | -42.2 | -490.5 | -1,194.1 | -955.9 | -2,431.3 | -2,689.2 | **88,285.6** | **73,504.3** |
| Income protection insurance | 101,612.3 | 77,999.8 | -15,317.3 | -11,329.7 | -6.3 | 19.1 | -59,794.4 | -51,645.2 | | | | |
| Motor vehicle liability insurance | 68,591.8 | 71,395.0 | -43,932.8 | -42,388.4 | - | - | -23,220.4 | -13,697.3 | | | | |
| Other motor insurance | 10,931.7 | 10,792.6 | -5,019.2 | -5,167.5 | -22.3 | -45.9 | -3,462.0 | -3,406.4 | | | | |
| Marine, aviation and transport insurance | 9.5 | 2.1 | -4.2 | - | - | - | -3.2 | -0.7 | | | | |
| Fire and other damage to property insurance | 58,274.6 | 51,615.5 | -8,581.1 | -4,741.2 | -80.6 | -69.0 | -33,587.4 | -32,049.7 | | | | |
| General liability insurance | 23,607.4 | 18,111.1 | -6,243.0 | -2,750.5 | - | - | -7,929.4 | -5,735.9 | | | | |
| Credit and suretyship insurance | 1,684.7 | 925.0 | -962.6 | -3,121.0 | -33.5 | - | -189.1 | -203.6 | | | | |
| Legal expenses insurance | 300.3 | 149.8 | 253.7 | -637.4 | - | - | 436.4 | -747.1 | | | | |
| Assistance | 3,390.1 | 2,704.7 | -308.5 | -595.2 | - | - | -3,170.5 | -1,391.4 | | | | |
| Miscellaneous financial loss | 69,243.9 | 60,803.2 | -1,582.8 | -6,674.3 | - | - | -34,711.8 | -32,666.0 | | | | |
| **Total amount** | **343,501.9** | **300,682.6** | **-85,774.2** | **-81,403.5** | **-184.9** | **-586.3** | **-166,825.9** | **-142,499.2** | | | | |

The rest of this Section contains the underwriting results of each company, as indicated in each QRT S.05.01 reporting template, as well as the underwriting results re-presented to provide a comparison with the Local reports.

## A.2 Underwriting results – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita ended 2017 with a net business profit of more than 335 million euro compared to the profit of 722 million euro obtained in 2016.
Although the result was affected by the macroeconomic trends the 2017, overall it was satisfactory and has reached the Company's target, as set out in the 2014/2017 industrial plan of the Intesa Sanpaolo Group. The macroeconomic context in which this result was achieved can be summarised by the following factors that influenced the financial markets:

- During the year, interest rates despite showing upwards movements because of the improvement in economic forecasts, remained particularly low, mainly because of the extension of quantitative easing by the European Central Bank;
- Differentials against the yields on German debt increased during 2017 mainly because of expectations about the French political elections, and later returned to values in line with the previous year. On the 10 year maturity, the BTP-Bund differential ended 2017 at 157 basis points compared to 161 basis points measured at the end of 2016.

In this context, the company has continued to consolidate the strategic decisions made in 2015 and pursued during 2016, aimed at rebalancing the premium collection between LoB I and LoB III, by suspending the collection of pure LoB I policies and focusing on the marketing of multi-line policies through retail and private channels. Regarding the positioning in terms of asset allocation, the situation remained essentially the same as the previous year. The duration of the Company's traditional assets portfolio fell from 5.4 at the end of 2016 to 5.2 as at 31st December 2017. Regarding the allocation of government bonds per country, the mix was decidedly in favour of bonds issued by euro zone governments or government agencies (approximately 66% of the portfolio) with a focus on Italian bonds and a reduction in the components relating to stocks issued by core countries (Europe, mainly Germany and the USA) following a sharp rise in rates.

The main factor in the results of the year was financial management, with the balance of investments income net of financial charges standing at 2,313,374 thousands euro, which was down compared to the 2,687,777 thousands euro of the previous year.

Apart from the decrease in financial income, the balance sheet for 2017 shows a reduction in the costs of the sales network, which was mainly due to a reduction in the collections for the year. New premiums amounted to 9,629 million euro, a reduction of 6% compared to the previous year. However, contrary to the trend, the number of life policies on 31st December 2017 had increased by 3,228,900 up by 5% on the previous year. This highlights a reduction in the average premium.

Claims-related costs also rose during the year to 10,619 up by 29% on 2016.

Although the result was affected by the macroeconomic trends the 2017, overall it was satisfactory and has reached the Company's target, as set out in the 2014/2017 industrial plan

of the Intesa Sanpaolo Group. The context in which the 2017 result was achieved can be summarised by the following factors that influenced the financial markets:

- During the year, interest rates despite showing upwards movements because of the improvement in economic forecasts, remained particularly low, mainly because of the extension of quantitative easing by the European Central Bank;
- Differentials against the yields on German debt increased during 2017 mainly because of expectations about the French political elections, and later returned to values in line with the previous year. On the 10 year maturity, the BTP-Bund differential ended 2017 at 157 basis points compared to 161 basis points measured at the end of 2016.

During 2017, the strategic lines followed by Intesa Sanpaolo Vita, which were in line with the previous year, focused on the following aspects:

- encouraging customer-focused product innovation, in accordance with the new legislative and regulatory framework;
- guaranteeing adequate levels of capitalisation for the Insurance Group companies and therefore paying particular attention to compliance with the requirements of the Solvency II regulations;
- favour continuous monitoring, control and management by developing an adequate corporate culture for the complete control of risks;
- invest in human resources, by favouring measures to promote dialogue and incentivise team working, partly by introducing projects to encourage innovation and talent promotion;
- optimise the financial control of Asset and Liability Management;
- control expenditure, with particular attention on Cost Management.

Below are the underwriting results divided according to Business Solvency II Line of business, as represented in the QRT S.05.01. The company only performs its underwriting activity in the Republic of Italy.

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Insurance with profit participation | 5,078,153.2 | 6,867,705.8 | -9,473,520.3 | -7,169,195.9 | 3,243,161.1 | -916,812.7 | -165,743.1 | -196,311.8 | -460.2 | -3,686.4 | **-1,625,195.5** | **-1,449,450.9** |
| Index-linked and unit-linked insurance | 4,400,929.2 | 3,245,389.7 | -1,117,388.5 | -1,048,426.0 | -3,555,837.2 | -2,226,639.0 | -113,977.0 | -71,720.4 | | | | |
| Other life insurance | 318,382.7 | 322,973.3 | -27,548.4 | -17,230.7 | -109,442.6 | -130,754.7 | -101,904.5 | -104,742.0 | | | | |
| **Total amount** | **9,797,465.2** | **10,436,068.9** | **-10,618,457.3** | **-8,234,852.7** | **-422,118.7** | **-3,274,206.4** | **-381,624.6** | **-372,774.2** | | | | |

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Medical expenses insurance | 5.5 | 6.6 | - | - | - | -0.1 | -0.8 | -1.2 | - | - | **-523.4** | **549.0** |
| Income protection insurance | 1,017.6 | 1,232.7 | -1,187.1 | -209.0 | -5.9 | 19.6 | -352.7 | -499.6 | | | | |
| **Total amount** | **1,023.2** | **1,239.3** | **-1,187.1** | **-209.0** | **-5.9** | **19.5** | **-353.5** | **-500.8** | | | | |

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs) and partially represents the company's underwriting result. This highlights an underwriting result that takes into account the "Technical Interest" in the Life segment, and other "Costs and Income" that were not included in the QRT S.05.01.

Underwriting result for the company, considering the QRT S.05.01 data:

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 9,798,488.3 | 10,437,308.0 |
| Claims incurred | -10,619,644.4 | -8,235,062.0 |
| Changes in technical provisions | -422,124.5 | -3,274,187.0 |
| Expenses | -382,438.3 | -376,961.0 |
| **Underwriting Result (QRT S.05.01)** | **-1,625,718.8** | **-1,448,902.0** |

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 9,798,488.3 | 10,437,308.0 |
| Claims incurred | -10,619,644.4 | -8,235,062.0 |
| Changes in technical provisions | -422,124.5 | -3,274,187.0 |
| Underwriting expenses | -250,674.1 | -238,454.6 |
| *Claims management expenses* | -4,071.0 | *-3,952.5* |
| *Acquisition expenses* | -246,603.1 | *-234,502.2* |
| Technical interest | 1,535,874.8 | 1,364,781.4 |
| **Underwriting Result** | **41,920.2** | **54,385.8** |

## A.2 Underwriting results – Intesa Sanpaolo Assicura S.p.A.

The year 2017 highlighted a substantial increase in total premiums, which amounted to 430.5 million euro, an increase of 10% compared to the final figure for 2016 (392.5 million euro). Premiums for the period amounted to 342.5 million euro, an increase of 14% compared to 2016.

The main reasons for this increase are the excellent results for credit protection policies (+17% compared to the previous year), which was correlated to the upturn in the real estate and mortgages market, and to the Home and family policies (up by 7% on the previous year). The Auto LoB showed a slight downturn in receipts; in particular the “Viaggia con Me” travel policy achieved total premiums of 69.5 million euro in 2017, compared to 90.5 million euro in 2016.

Claims-related costs net of recoveries rose from 84 million euro in 2016 to 89.5 million euro, an increase on the previous year. Despite this increase in claims-related costs, 2017 showed an improvement in the ratio of claims to premiums for the period, net of the reinsurance effects. The new figure is 28.3% compared to 31.7% for 2016.

Operating costs including purchase commission amounted to 140.4 million euro, an increase of approximately 11% on the previous year (126.6 million euro) due to the increase in the commission load which is correlated to the increase in volumes.

Purchase costs amounted to 107.5 million euro, an increase of 10.7% compared to 2016, correlated to the increasing volumes and the different portfolio mix which led to the marketing of policies with higher commission rates.
The technical management result was positive at 60.8 million euro (59.0 million euro on 31st December 2016) with a combined ratio of the technical account net of reinsurance of 61.4 (compared to 64.5 in 2016).

With regard to financial management, investments on 31st December 2017 including cash assets amounted to 946.9 million (817.2 million euro in the previous year).
The result of financial management was positive, at 6.6 million euro mainly because of the ordinary returns on fixed income securities at 11.5 million euro and the positive balance of income/losses from disposals at 4.5 million euro, partially offset by negative value adjustments of 6.9 million euro and management costs and interest cost at 2.4 million euro.
The profit for the year net of taxes amounted to 43.5 million euro, which was down by 1% on 2016 (44 million).

With regard to the reinsurance policy, year 2017 saw a slight decrease in total premiums assigned (7,042,000 euro compared to 6,238,000 euro in the previous year), accounting for 1.6% of gross booked premiums (13% in the previous year). On 31st December 2017, there was a cost of 3,455,000 euro, of which 2,408,000 euro was attributable to proportional arrangements and 1,047,000 euro to claim excess agreements.

Below are the underwriting results divided according to Solvency II Line of business represented in the QRT S.05.01. The company only performs its underwriting activity in the Republic of Italy.

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Medical expenses insurance | 5,850.0 | 6,177.3 | -4,076.4 | -3,998.5 | -42.2 | -490.3 | -1,193.3 | -954.7 | -2,431.3 | -2,689.2 | **88,809.0** | **72,955.3** |
| Income protection insurance | 100,594.7 | 76,767.1 | -14,130.1 | -11,120.7 | -0.4 | -0.6 | -59,441.7 | -51,145.6 | | | | |
| Motor vehicle liability insurance | 68,591.8 | 71,395.0 | -43,932.8 | -42,388.4 | - | - | -23,220.4 | -13,697.3 | | | | |
| Other motor insurance | 10,931.7 | 10,792.6 | -5,019.2 | -5,167.5 | -22.3 | -45.9 | -3,462.0 | -3,406.4 | | | | |
| Marine, aviation and transport insurance | 9.5 | 2.1 | -4.2 | - | - | - | -3.2 | -0.7 | | | | |
| Fire and other damage to property insurance | 58,274.6 | 51,615.5 | -8,581.1 | -4,741.2 | -80.6 | -69.0 | -33,587.4 | -32,049.7 | | | | |
| General liability insurance | 23,607.4 | 18,111.1 | -6,243.0 | -2,750.5 | - | - | -7,929.4 | -5,735.9 | | | | |
| Credit and suretyship insurance | 1,684.7 | 925.0 | -962.6 | -3,121.0 | -33.5 | - | -189.1 | -203.6 | | | | |
| Legal expenses insurance | 300.3 | 149.8 | 253.7 | -637.4 | - | - | 436.4 | -747.1 | | | | |
| Assistance | 3,390.1 | 2,704.7 | -308.5 | -595.2 | - | - | -3,170.5 | -1,391.4 | | | | |
| Miscellaneous financial loss | 69,243.9 | 60,803.2 | -1,582.8 | -6,674.3 | - | - | -34,711.8 | -32,666.0 | | | | |
| **Total amount** | **342,478.8** | **299,443.3** | **-84,587.1** | **-81,194.5** | **-179.0** | **-605.8** | **-166,472.3** | **-141,998.5** | | | | |

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

Underwriting result for the company, considering the QRT S.05.01 data:

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 342,478.8 | 299,443.3 |
| Claims incurred | -84,587.1 | -81,194.5 |
| Changes in technical provisions | -179.0 | -605.8 |
| Expenses | -168,903.7 | -144,687.7 |
| **Underwriting Result (QRT S.05.01)** | **88,809.0** | **72,955.3** |

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 342,478.8 | 299,443.3 |
| Claims incurred | -84,587.1 | -81,194.5 |
| Changes in technical provisions | -179.0 | -605.8 |
| Underwriting expenses | -139,961.7 | -116,286.1 |
| *Claims management expenses* | *-10,905.3* | *-12,139.6* |
| *Acquisition expenses* | *-129,056.4* | *-104,146.5* |
| **Underwriting Result** | **117,750.9** | **101,356.9** |

## A.2 Underwriting results – Fideuram Vita S.p.A.

With reference to what enclosed in QRT S.05.01 attached to this report, in comparison to the previous year, it follows:

in the year 2017, net premiums for the year stood at 4.788 million euro, an increase of 6% on the previous year. This was due both to unit linked policies (+5%) and the business lines linked to separate management (+15%) that benefited from the growth in receipts on multi-line policies.

Net claims related costs stood at 3.028 million euro, down by 7% on 2016 mainly due to the unit linked business line. This dynamic can be explained by lower payments from maturities (-21%) and redemptions (-9.6%); conversely there was a rise in payouts for claims (+25%) and annuities (+4.2%).
The percentage of net receipts from unit linked policies including the pension fund share was 92% of total net production.

The change in other technical provisions showed a significant rise compared to 2016, mainly due to the increase in net receipts and the net value of underlying assets.

Costs amounted to 38 million euro and mainly impact the unit linked policies.

The underwriting result was negative at 701 million euro. The balance includes technical interest, totalling 655 million euro. After that component is excluded, the negative result falls to -46 million euro.

Below are the figures for Fideuram Vita, separated according to area of Life business, for the underwriting results as presented in the QRT S.05.01.

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Insurance with profit participation | 472,085.5 | 397,860.9 | -352,574.4 | -277,151.5 | -231,129.5 | -206,350.9 | -6,624.0 | -7,222.0 | -1,549.1 | -1,573.3 | **-700,576.2** | **-398,571.7** |
| Index-linked and unit-linked insurance | 4,314,141.0 | 4,109,933.9 | -2,675,325.3 | -2,973,974.5 | -2,191,022.7 | -1,411,105.5 | -29,798.3 | -29,730.9 | | | | |
| Other life insurance | 1,370.2 | 1,761.8 | 169.9 | -637.4 | -100.6 | -84.1 | -218.7 | -298.1 | | | | |
| **Total amount** | **4,787,596.7** | **4,509,556.6** | **-3,027,729.9** | **-3,251,763.5** | **-2,422,252.8** | **-1,617,540.5** | **-36,641.1** | **-37,251.0** | | | | |

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

Underwriting result for the company, considering the QRT S.05.01 data:

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 4,787,597.0 | 4,509,556.6 |
| Claims incurred | -3,027,730.0 | -3,251,763.5 |
| Changes in technical provisions | -2,422,253.0 | -1,617,540.5 |
| Expenses | -38,190.0 | -38,824.3 |
| **Underwriting Result (QRT S.05.01)** | **-700,576.0** | **-398,571.7** |

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 4,787,597.0 | 4,509,556.6 |
| Claims incurred | -3,027,730.0 | -3,251,763.5 |
| Changes in technical provisions | -2,422,253.0 | -1,617,540.5 |
| Underwriting expenses | -9,986.0 | -10,218.3 |
| *Claims management expenses* | *-3,316.0* | *-2,147.3* |
| *Acquisition expenses* | *-6,670.0* | *-8,071.0* |
| Technical interest | 654,729.0 | 367,539.0 |
| **Underwriting Result** | **-17,644.0** | **-2,426.7** |

## A.2 Underwriting results – Intesa Sanpaolo Life D.A.C.

The main thrust of the commercial offering of Intesa Sanpaolo Life, aimed mainly at Italian customers, relates to unit linked policies.

During the year, the company recognised premiums receipts of almost 8 billion euro, down by almost 12% on the previous year. Liquidations, mainly for redemptions, rose by 236 million, euro equal to 9.5%.

Below is the underwriting result as presented in the QRT S.05.01:

*(euro thousands)*

| Line of Business | Premiums earned | | Claims incurred | | Changes in other technical provisions | | Expenses incurred | | Other expenses | | Total underwriting Result | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Index-linked and unit-linked insurance | 7,941,393.2 | 8,985,906.6 | -2,684,067.2 | -2,447,896.1 | -5,642,169.7 | -6,683,594.0 | -393,662.5 | -287,618.4 | - | - | -778,506.2 | -433,201.9 |

The underwriting result was calculated on the basis of the data in the QRT S.05.01 (Premiums for the period – Claims + Changes in technical provisions – Operating Costs).

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 7,941,393.2 | 8,985,906.6 |
| Claims incurred | -2,684,067.2 | -2,447,896.1 |
| Changes in technical provisions | -5,642,169.7 | -6,683,594.0 |
| Expenses | -393,662.5 | -287,618.4 |
| **Underwriting Result (QRT S.05.01)** | **-778,506.2** | **-433,201.9** |

Below is a representation of the underwriting results, re-presented to give a comparison against the Local report

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Net premiums | 7,941,458.0 | 8,985,906.6 |
| Claims incurred | -2,669,001.0 | -2,447,896.1 |
| Changes in technical provisions | -5,642,169.7 | -6,683,594.0 |
| Net fund margin | 273,486.0 | 195,894.0 |
| Acquisition expenses | -116,383.0 | -88,826.0 |
| Net deferred income | -2,001.0 | 421.0 |
| Other | -61.0 | 47.0 |
| **Underwriting Result** | **155,040.0** | **107,537.0** |

# A.3 Investment results

## A.3 Investment results - Intesa Sanpaolo Vita Insurance Group

The financial results of the Group's investment activity are illustrated in the following table. The reference information has been presented in accordance with the IAS/IFRS.

Performances relate to the Group's total investment portfolio and thus also includes assets relating to policies in which the risk is borne by the policyholders.

*(euro thousands)*

| Asset Class | 2017 | 2016 | % on 2017 | % on 2016 |
|---|---|---|---|---|
| Real estate investments | 420.0 | 22,881.0 | - | 0.9% |
| Partecipations | -393.0 | - | - | - |
| Loans and receivables | -3,605.0 | 9,999.0 | 0.1% | 0.4% |
| Financial assets avaiable-for-sale | 2,458,020.0 | 2,570,018.0 | 97.6% | 99.1% |
| Financial assets held-for-trading | 68,715.0 | 20,600.0 | 2.7% | 0.8% |
| Financial assets designates at fair value through profit or loss | 1,240,540.0 | 674,758.0 | 49.3% | 26.0% |
| Cash and cash equivalents | 296.0 | 1,129.0 | - | - |
| Financial liabilities hel-for-trading | -14,088.0 | -93,736.0 | -0.6% | -3.6% |
| Financial liabilities designated at fair value throught profit or loss | -1,146,575.0 | -536,108.0 | -45.5% | -20.7% |
| Other financial liabilities | -85,661.0 | -75,060.0 | -3.4% | -2.9% |
| **Total investments** | **2,517,669.0** | **2,594,481.0** | **100.0%** | **100.0%** |

Financial management closed with a balance of investment income, net of capital and financial charges, of 2.518 million euro, a decrease of 3% on the previous year (2.594 million euro).

With regard to the positioning in terms of asset allocation, there has been continuity compared to the end of the previous year, with a gradual increase in diversification particularly in the Corporate segment, and an extension of the duration of portfolios linked to policies with participation in Group profits.

The Insurance Parent Company Intesa Sanpaolo Vita and Fideuram Vita both hold investments in securitization:

- Intesa Sanpaolo Vita holds three securitised assets, which on 31st December 2017 had a market value of 5.5 million euro;
- Fideuram Vita holds four securitised assets, which on 31st December 2017 had a market value of 6.3 million euro.

## A.3 Investment results – Intesa Sanpaolo Vita S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Vita are illustrated in the following table. The assets classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

Performances relate to the company's total investment portfolio and thus also include assets relating to unit linked and index linked policies.

*(euro thousands)*

| Asset Class | 2017 | 2016 |
|---|---|---|
| **Total investments (Shareholder return)** | | |
| Government bonds | 1,516,879.0 | 1,802,496.8 |
| Corporate bonds | 275,029.0 | 397,257.6 |
| Equity | 68,484.0 | 100,612.4 |
| Investment funds Collective Investment Undertakings | 177,546.0 | 231,051.6 |
| Structured Bonds | 111,352.0 | 133,617.5 |
| Derivatives | -15,575.0 | -59,418.1 |
| Other investments | -68,254.0 | 380.4 |
| **Total investments (Shareholder return)** | **2,065,461.0** | **2,605,998.2** |
| **Total investments (Policyholder return)** | | |
| Government bonds | -3,179.0 | 22,424.8 |
| Corporate bonds | 1,128.0 | 1,785.4 |
| Equity | 79,217.0 | 43,596.3 |
| Investment funds Collective Investment Undertakings | 343,214.0 | 177,552.7 |
| Structured Bonds | 158.0 | 292.3 |
| Derivatives | 6,253.0 | -16,166.6 |
| Other investments | -178,878.0 | -147,706.4 |
| **Total investments (Policyholder return)** | **247,913.0** | **81,778.4** |
| **Total investments** | **2,313,374.0** | **2,687,776.6** |

The main factor in the results of the year was financial management, with the balance of investments income net of financial charges standing at 2,313,374 euro, which was down by 14% compared to the 2,687,777 thousands euro of the previous year.
The trend in net inflows from the Life business lines, determined by receipts net of payouts was negative at -829,461 thousands euro compared to a positive balance of 2,136,860 thousands euro for the past year.
The combined effect of the trend in financial management and the Life and business lines portfolio saw a reduction in commitments to policyholders of 433,427 thousands euro in 2017 compared to a reduction in commitments to policyholders of 3,274,541 thousands euro in the previous year.
Management costs in the Life business lines stood at 311,268 thousands euro compared to 300,364 thousands euro in the previous year.
These trends show a positive technical balance for the Life business lines of 424,250 thousands euro compared to 977,300 thousands euro in 2016.

With regard to the positioning in terms of asset allocation, there has been continuity compared to the end of the previous year, with a gradual increase in diversification particularly in the Corporate segment, and an extension of the duration of portfolios linked to policies with participation in Group profits.

Intesa Sanpaolo Vita holds investments in securitisations, relating to three securitised assets, which on 31st December 2017 had a market value of 5.5 million euro.

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management (net of technical interest) in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Investment income and expense | 2,313,400.0 | 2,687,777.0 |
| Investment management expense | -52,708.5 | -50,742.6 |
| Technical interest | -1,535,874.8 | -1,364,781.4 |
| **Investment Result** | **724,816.7** | **1,272,253.0** |

## A.3 Investment results – Intesa Sanpaolo Assicura S.p.A.

The financial results of the investment activity of Intesa Sanpaolo Assicura are illustrated in the following table. The asset classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

*(euro thousands)*

| Asset Class | 2017 | 2016 |
|---|---|---|
| Government bonds | 5,660.0 | 17,272.1 |
| Corporate bonds | 631.0 | 691.4 |
| Equity | 3,785.0 | 2,545.6 |
| Investment funds Collective Investment Undertakings | -4,941.0 | 1,746.0 |
| Structured Bonds | 1,734.0 | 2,576.9 |
| Derivatives | - | - |
| Other investments | -234.0 | -272.1 |
| **Total investments** | **6,635.0** | **24,559.9** |

Financial management closed with a balance of investment income net of capital and financial charges of 6.6 million euro, a decrease compared to the 24.5 million euro of 2016.

Intesa Sanpaolo Assicura does not hold any investments in securitisations.

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management, in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Investment income and expense | 7,014.5 | 24,559.9 |
| Investment management expense | -379.4 | -379.4 |
| **Investment Result** | **6,635.1** | **24,180.5** |

## A.3 Investment results – Fideuram Vita S.p.A.

The financial results of the investment activity of Fideuram Vita are illustrated in the following table. The asset classes from which the data was taken are those defined in the QRT S.09.01 as established in the European Commission Implementing Regulation 2452/2015. The following information follows the accounting standards used to prepare the individual Local financial reports.

Performances relate to the company's total investment portfolio and thus also include assets relating to unit linked and pension fund policies.

*(euro thousands)*

| Asset Class | 2017 | 2016 |
|---|---|---|
| **Total investments (Shareholder return)** | | |
| Government bonds | 115,321.0 | 121,181.0 |
| Corporate bonds | 17,346.0 | 21,735.0 |
| Equity | 4,011.0 | 3,117.0 |
| Investment funds Collective Investment Undertakings | 8,413.0 | 3,382.0 |
| Structured Bonds | 12,096.0 | 7,143.0 |
| Derivatives | - | - |
| Other investments | - | - |
| **Total investments (Shareholder return)** | **157,187.0** | **156,558.0** |
| **Total investments (Policyholder return)** | | |
| Government bonds | 2,762.0 | 13,045.0 |
| Corporate bonds | 1,432.0 | 926.0 |
| Equity | 47,367.0 | 56,700.0 |
| Investment funds Collective Investment Undertakings | 975,072.0 | 661,091.0 |
| Structured Bonds | 1,621.0 | 562.0 |
| Derivatives | 47,873.0 | -12,539.0 |
| Other investments | - | - |
| **Total investments (Policyholderr return)** | **1,076,127.0** | **719,785.0** |
| **Total investments** | **1,233,314.0** | **876,343.0** |

Financial management closed with a balance of investment income, net of capital and financial charges, of 1.233 million euro. The positive result is partly influenced by the positive balance of technical interest which offsets the underwriting result.

Income from Class C net investments, made in relation to traditional policies and free assets is 157.2 million euro. The breakdown of this item is as follows:

- ordinary net income of 141.9 million euro;
- net earned income of 20.4 million;
- net value adjustments of 5.1 million euro.

Class C investments and the related derivatives presented latent net gains of 403.3 million euro as of 31st 2017.

The net income relating to assets covering unit linked policies and pension funds, due entirely to the policyholders, had a positive value of 1,076.1 million euro including the net losses and potential losses (inclusive of management commission).

Evidence of the Investment results obtained is given below, as the difference between the income and costs of the investment activity and the costs of portfolio management (net of technical interest) in order to provide a quantitatively consistent presentation, compared to the underwriting results mentioned above.

*(euro thousands)*

| | 2017 | 2016 |
|---|---|---|
| Investment income and expense | 1,233,314.0 | 876,343.0 |
| Investment management expense | -6,036.0 | -5,286.0 |
| Technical interest | -654,729.0 | -367,539.0 |
| **Investment Result** | **572,549.0** | **503,518.0** |

## A.3 Investment results – Intesa Sanpaolo Life D.A.C.

The investment income pertaining to the company was 494 million, from both policyholder and shareholder assets. The shareholder result derives from a prudent policy of investing in secure short-term liquid assets with a high credit rating. This is why the investment income is relatively modest, reflecting the nature of the investments. The relevant amount is linked to the Total investments of the policyholder return.

*(euro thousands)*

| Asset Class | 2017 | 2016 |
|---|---|---|
| **Total investments** | **494,077.0** | **282,478.6** |

Intesa Sanpaolo Life does not hold any investments in securitisations.

# A.4 Results of other activities

## A.4 Results of other activities - Intesa Sanpaolo Vita Insurance Group

The sources of income and costs of the Insurance Group Intesa Sanpaolo Vita that are not related to underwriting and investment are recorded in the items Other income/costs, on the consolidated accounts.

With regard to Other Group income, the value is 171,387 thousands euro (272,804 thousands euro on 31st December 2016), down by 37% which is mainly due to Other technical income (mostly Management commission from the unit linked policies), and exchange differences linked to the investments.

Regarding other costs, the figure was 683,792 thousands euro (547,644 thousands euro on 31st December 2016) an increase of 25% relating to net allocations to provisions for risks and charges, value adjustments on tangible and intangible assets, and exchange differences recognised on the income statement, as well as other technical costs. This last amount is mainly comprised of trail commission paid to the sales network.

*(euro thousands)*

| | Income | | Expense | | Result | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Other income/expenses | 171,387.0 | 272,804.0 | -683,792.0 | -547,644.0 | -512,405.0 | -274,840.0 |
| Extraordinary income/ expense | - | - | - | - | - | - |
| **Other activities** | **171,387.0** | **272,804.0** | **-683,792.0** | **-547,644.0** | **-512,405.0** | **-274,840.0** |

## A.4 Results of other activities – Intesa Sanpaolo Vita S.p.A.

The sources of income and costs of the Insurance Group Intesa Sanpaolo Vita related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses;

*(euro thousands)*

| | Income | | Expense | | Result | |
|---|---|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Other income/expenses | 10,039.0 | 11,062.1 | -89,781.0 | -75,910.8 | -79,742.0 | -64,848.7 |
| Extraordinary income/ expense | - | 1,158.6 | - | -1,583.8 | - | -425.2 |
| **Other activities** | **10,039.0** | **12,220.7** | **-89,781.0** | **-77,494.6** | **-79,742.0** | **-65,274.0** |

and other economic components including management commission on unit linked policies and open pension funds, and the related maintenance commission paid to the distribution networks. Below is a summary of the company's economic performance:

*(euro thousands)*

| **Overall performance** | **2017** | **2016** |
|---|---|---|
| Underwriting performance | 41,920.2 | 54,385.8 |
| Investment performance | 724,816.7 | 1,272,253.0 |
| Overhead and administrative expenses | -79,110.0 | -87,764.1 |
| Performance of other activities | -79,742.0 | -65,274.0 |
| Other P&L items | -135,737.1 | -114,732.6 |
| Taxes | -136,768.1 | -336,618.0 |
| **Net result** | **335,379.6** | **722,249.6** |

## A.4 Results of other activities – Intesa Sanpaolo Assicura S.p.A.

The sources of income and costs of Intesa Sanpaolo Assicura related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses.

*(euro thousands)*

| | Income | | Expense | | Result | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Other income/expenses | 2,969.0 | 4,305.0 | -3,301.0 | -3,990.0 | -332.0 | 315.0 |
| Extraordinary income/ expense | 579.0 | 543.0 | -294.0 | -977.0 | 285.00 | -434.0 |
| **Other activities** | **3,548.0** | **4,848.0** | **-3,595.0** | **-4,967.0** | **-47.0** | **-119.0** |

Below is a summary of the company's economic performance:

*(euro thousands)*

| Overall performance | 2017 | 2016 |
|---|---|---|
| Underwriting performance | 117,750.9 | 101,356.9 |
| Investment performance | 6,635.1 | 24,180.5 |
| Overhead and administrative expenses | -26,131.2 | -28,022.2 |
| Performance of other activities | -47.0 | -118.2 |
| Other technical income and expenses | -37,414.4 | -31,927.1 |
| Other P&L items | 1,867.9 | 79.0 |
| Taxes | -19,125.8 | -21,501.8 |
| **Net result** | **43,535.5** | **44,047.1** |

## A.4 Results of other activities – Fideuram Vita S.p.A.

The sources of income and costs of Fideuram Vita not related to the underwriting and investment areas are recorded in the following items on the individual financial reports:

- Other income and expenses;
- Non-recurring income and expenses.

*(euro thousands)*

| | Income | | Expense | | Result | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Other income/expenses | 1,194.0 | 1,301.0 | -8,392.0 | -6,541.0 | -7,198.0 | -5,240.0 |
| Extraordinary income/ expense | 483.0 | 497.0 | -1,487.0 | -1,219.0 | -1,004.0 | -722.0 |
| **Other activities** | **1,677.0** | **1,798.0** | **-9,879.0** | **-7,760.0** | **-8,202.0** | **-5,962.0** |

The other income is mainly ascribable to management commission from the unit linked insurance policies.

The other costs include the retrocession of the above-mentioned management commission to the distributors. This item also includes the trail commission payable on certain profit-sharing policies, the management costs for the Class D investments, the interest payable in respect of a subordinated loan, and other technical items.

The result of extraordinary operations, which carry net costs of 0.7 million euro, mainly includes contingent liabilities.

Below is a summary of the company's economic performance:

*(euro thousands)*

| Overall performance | 2017 | 2016 |
|---|---|---|
| Underwriting performance | -17,644.0 | -2,427.0 |
| Investment performance | 572,549.0 | 503,518.0 |
| Overhead and administrative expenses | -22,168.0 | -23,320.0 |
| Performance of other activities | -8,202.0 | 67,995.0 |
| Other P&L items | -452,306.0 | -462,598.0 |
| Taxes | -20,005.0 | -25,068.0 |
| **Net result** | **52,224.0** | **58,100.0** |

## A.4 Results of other activities – Intesa Sanpaolo Life D.A.C.

The sources of income and costs of Intesa Sanpaolo Life that are not related to underwriting and investment are recorded in the residual items on the individual financial reports, and mainly relate to other costs and non-technical income:

*(euro thousands)*

| | Income | | Expense | | Result | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Other income/expenses | 1,799.0 | - | -533.0 | -2,823.0 | 1,266.0 | -2,823.0 |
| Extraordinary income/ expense | - | - | - | - | - | - |
| **Other activities** | **-** | **-** | **-555.0** | **-3,066.0** | **-555.0** | **-2,823.0** |

Below is a summary of the company's economic performance:

*(euro thousands)*

| Overall performance | 2017 | 2016 |
|---|---|---|
| Investment performance | 494,077.0 | 282,479.0 |
| Other income | 621,275.0 | 429,462.0 |
| Changes in technical provisions | -593,103.0 | -335,216.0 |
| Claims management expenses | -268,622.0 | -196,935.0 |
| Acquisition expenses | -124,477.0 | -94,387.0 |
| Other P&L items | -555.0 | -3,066.0 |
| Taxes | -17,146.0 | -12,508.0 |
| **Net result** | **111,449.0** | **69,829.0** |

# A.5 Other information

It should be noted that there is a difference in the consolidation area, between the consolidated accounts prepared under Article 95 of the Code of Private Insurance, and the consolidation area assessed for the purposes of calculating group solvency.

During 2017 the Regional Banks Division of Intesa Sanpaolo took part in a capital increase in Intesa Sanpaolo Smart Care. As a result, Intesa Sanpaolo Vita saw its shareholding increase by 100%, to 49% of the share capital. The control of Intesa Sanpaolo Smart Care therefore passed to the parent company Intesa Sanpaolo with effect from 30th November 2017.

Being a service company, Intesa Sanpaolo Smart Care is not subject to the requirements relating to the preparation of the solvency report.

# B. Governance system

## B.1 General information about the Governance system

### B.1 General information about the Governance system– Intesa Sanpaolo Vita Insurance Group

The Insurance Group Parent Company directs and coordinates the other Insurance Group companies, in line with the general guidelines defined by its Board of Directors and in accordance with current regulations. It adopts risk management and internal control procedures that guarantee the coordinated, uniform management of the various Group companies by providing instructions and implementing IVASS directives through specific tools such as the Insurance Group Regulations and the Internal Controls Directives of Intesa Sanpaolo Vita and of the Group. It also applies the provisions of the Code of Private Insurance and IVASS Regulation No. 22/2016.

In particular, the Insurance Group Regulations govern the conditions for the exercise of direction and coordination powers by Intesa Sanpaolo Vita as the Insurance Parent Company, over the other companies in the Insurance Group.

The Regulations provide for the following:

- Strategic-economic control: with a view to promoting efficiency and realising the overall value of the Insurance Group, and of safeguarding its stability also in terms of the adequate availability of own funds compared to identified risks, and profitability, the Insurance Group Parent is required to put in place a Group Plan and Group Budget as part of a planning process. This includes the plans and budgets of the individual companies, following the processes coordinated by the parent company Intesa Sanpaolo S.p.A.;
- Operational control: the aim is to standardise operations within the Insurance Group.
  - The Insurance Group Parent imposes internal regulations on the other Group companies regarding the implementation of measures issued by the Regulator in relation to the Insurance Group, and checks that these measures are complied with;
  - With reference to the monitoring and control of all risks (underwriting, reserving, market, credit, liquidity, operational, and risks of belonging to the Insurance Group, risks of non-compliance and reputational risk) the Insurance Group Parent helps to put in place and maintain a risk management system Insurance Group level, through its internal control functions (Audit, Compliance, Risk Management, AML and Actuarial);
  - for the production of data used in the supervision of the Group, the Insurance Group Parent allocates responsibility to its Financial Reporting division;
  - for the auditing of the financial situation, the Insurance Group Parents acquires periodic reports from the subsidiaries. These are analysed and audited by the Parent Company's Management Control and Planning division.
- Group regulations: the Insurance Group Parent is responsible for defining and distributing the "Group governance documents, Rules and Operational guidelines which contain binding regulatory provisions. These may relate to: (i) the definition of the objectives, roles, duties and responsibilities of each player in the principal business management processes, thus establishing the principles of relations between the central departments and the operational units of the Insurance Group; (ii) the types and characteristics of the flows of information between the Group companies and the Insurance Parent Company, which enable the

Insurance Parent to fulfil its role of guidance, governance and managerial or supervisory control; (iii) specific or generic regulatory issues; and (iv) measures intended for individual entities or business units, or for the Insurance Group as a whole;
- the Insurance Group's coordination bodies: the advisory committees of the Insurance Parent Company and the Board-internal Remuneration and Risks Committees;
- specific obligations of the other Group companies, through a system of pre-authorisations from the Insurance Parent Company for certain transactions such as (i) changes to the bylaws and the granting of authorities to executive bodies, (ii) mergers and demergers, (iii) the acquisition and/or transfer of businesses, of going concerns and legal relations en bloc; (iv) the acquisition, disposal and contribution of equity investments, (v) the election of the executive and supervisory bodies;
- Advance notifications and periodic reports from other Group companies to the Insurance Group Parent regarding among other things (i) findings of the Regulator and significant events, (ii) meetings of the company bodies, (iii) changes to the organisational structure, (iv) staff -related activities, and (v) activities related to the collection of data for the calculation of the Solvency Capital Requirement at group level and the own funds eligible for its coverage, and for all the quantitative and qualitative reports required by the Solvency II regulations.

The coordinated management of important issues within the Insurance Group, the effective control of the internal risk profile and an adequate level of internal communication and discussion is also assured through the Insurance Group Parent's advisory committees (Coordination Committee, Controls Coordination Committee and Investments Committee) and the Board-internal committees (Remunerations Committee and, from July 2017, the Risks Committee). These committees, which are established by the Board of directors of Intesa Sanpaolo Vita, are specialized in certain subjects. The number and type of their members are defined on the basis of specific requirements.

During 2017 the Investments Committee held a Group session "Group Investment Strategies", with the aim of outlining the investment strategies for the insurance group, which each group company will implement in the form of specific strategies for which the operational and tactical decisions will be discussed by their respective investments committees.

Furthermore, as part of the management and coordination of the other Insurance Group companies, the Insurance Parent Company provides for the following, on a continual basis:

- strategic control of the development of the various areas of operation, and of any related risks;
- management control, aimed at preventing any criticalities in the economic, financial and capital solidity of each Insurance Group company and of the Insurance Group as a whole;
- technical and operational control, aimed at evaluating the different risk profiles of each Group Company with respect to the Insurance Group's overall risk profile.

The Insurance Parent Company informs the other Group companies of:

- the strategic guidelines and other instructions to be followed by the Subsidiaries;
- the criteria for identifying, measuring, assessing, managing and controlling risks;
- the decisions taken on authorisations or opinions requested by the Insurance Group companies on specific matters;
- the changes to its own structure as regards functions, powers and offices, if they affect Insurance Group companies;

- any information of general significance for the Insurance Group or of specific interest for each company.

The Insurance Group companies are required to:

- provide the Insurance Parent Company with all the necessary information about the fulfilment of their management and coordination duties, also to comply with legal or supervisory obligations;
- send the Insurance Parent Company the agenda of board and shareholders' meetings and, on request, a copy of minutes of resolutions passed by company boards;
- request preliminary opinions or authorisations from the Insurance Parent Company, as required;
- abide by the rules, policies and controls established by the Insurance Parent Company;
- provide the Insurance Parent Company with all the information which may be useful to prepare Group policies in greater detail, guaranteeing consistency between the specific implementation of the Insurance Parent Company's instructions and the specific needs of other Group companies.

For the calculation of the Group capital requirement, the Insurance Group uses Method 1 (also known as the standard method) as provided for in Article 75 of the Directive of the European Parliament 138/2009. This calculates the solvency capital requirement based on the consolidated accounts data.

Using this method, the capital requirement is calculated as the difference between the eligible consolidated own funds and the Group capital requirement, calculated on the basis of the consolidated data.

To determine whether the consolidated requirement adequately reflects the Insurance Group risk profile, particular attention must be paid to cases in which a specific risk at Group level is not sufficiently covered by the Standard Formula, as it cannot be quantified.

The consolidated data includes:

- The proportional consolidation of the data of companies managed by a subsidiary together with the other companies not considered as such, if their liability is limited to the share of capital they hold;
- based on the adjusted net equity method (Article 13 (3) of the Delegated Acts), the proportion of own funds for subsidiaries that are credit institutions, investment firms and financial institutions, managers of alternative investment funds and UCITS management companies, pension funds and unregulated financial services companies;
- the data for all the subsidiaries in accordance with Article 13 of the Delegated Acts, other than those listed in the above points.

The data mentioned above is considered net of the intragroup transactions. The consolidated Group capital requirement is calculated as the sum of four components:

- The capital requirement calculated on the basis of the consolidated data;
- The proportional share of the capital requirement of each subsidiary company;
- The proportional share of the capital requirements of the other equity interests in credit firms, investment firms, financial entities, managers of alternative investment funds, UCITS

management firms and pension funds, to which the amount of the notional capital requirements of unregulated financial services providers is also added;
- The capital requirements of the other subsidiaries including the instrumental companies other than those referred to above.

In relation to the bases, methods and assumptions used at Group level for the solvency valuation of group assets and liabilities other than technical provisions, refer to section D of this Report.

## B.1 General information about the Governance system– Intesa Sanpaolo Vita S.p.A.

The organisational structure of Intesa Sanpaolo Life is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The Company has adopted a conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of Articles 2380 et seq. of the Italian Civil Code.

The Board of Directors of Intesa Sanpaolo Vita, which is in office until the approval of the financial statements for the year ending 31st December 2017, is formed of 9 members, including a Chair, a Vice Chair and a Managing Director.

The Board of Directors of Intesa Sanpaolo Vita, which has been in office since 19th March 2018 until the approval of the financial statements for the year ending 31st December 2020, is formed of 9 members, including a Chair, a Vice Chair and a Managing Director.

All the members of the Board of Directors meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo Vita is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks.

The Board of Directors of the company is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

The Board of Directors of Intesa Sanpaolo Vita, also in the capacity as the Insurance Parent Company, within the scope of the strategic and organisational governance tasks as per Article 2381 of the Italian Civil Code, is solely responsible for the exercise of its powers with reference to:

- periodic setting of the risk-adjusted objectives in compliance with the goal of protecting its assets and with the guidelines of the Intesa Sanpaolo Group implemented by the Company and by the Group Companies;
- approval of the annual reporting documents (quantitative and qualitative) required by the entry into force of the Solvency II Regulation;
- approval of the Current and Forward-Looking Risk Assessment Report provided for by the Solvency II Directive;

- approval of the rules on investments of the Insurance Group, of the Framework Resolution on investments of Intesa Sanpaolo Vita, including the Investment Rules, the asset-liability management Rules and the liquidity risk management Rules;
- approval of the risk management and risk appetite policies and strategies of the Company and Group Companies, through the specific guidelines;
- periodic review of results, including the results of stress tests, and periodic examination of the underlying risk profiles of the Company and Group Companies, which are notified to Senior Management and to the independent Risk Management function;
- gathering of information on the most significant critical aspects concerning risk management and internal control of the Company and of the Group Companies identified by the various bodies tasked with their monitoring and control;
- timely assessment of the critical aspects and initiation of the necessary corrective measures by issuing directives. In urgent cases, linked to situations that may compromise the solvency of the Company and Insurance Group and the reaching of company goals, the corrective actions are determined by the Senior Management of Intesa Sanpaolo Vita, also in its capacity as Insurance Parent Company, provided that it duly informs the Board at the next meeting.

For instrumental purposes, in addition to the above powers and responsibilities, the Board of Directors of Intesa Sanpaolo Vita, also in the capacity as Insurance Parent Company:

- identifies the strategic positions and risk management and assessment rules;
- ensures that the implementation of the Risk Appetite Framework is consistent with the approved risk appetite and tolerance threshold; periodically evaluates (at least once a year) the adequacy and effectiveness of the Risk Appetite Framework and compatibility between actual risk and risk targets;
- checks that Senior Management defines the structure of internal controls in line with the selected risk appetite, that the control functions have an adequate degree of autonomy within the organisational unit, and that adequate resources are provided for proper functioning;
- has tasked the Chief Executive Officer with defining the organisational structure so that tasks and responsibilities are assigned clearly and appropriately and updates can be given in relation to organisational changes and the underlying reasons, ensuring that the supervisory authorities are duly informed in the case of significant changes. Subsequently, updates will be given on whether or not the expected improvements have been achieved;
- ensures that adequate decision-making processes are adopted and formalised and that functions are segregated appropriately within the organisational structure;
- approves the system of delegating powers and responsibilities, making sure that it remains adequate over time, and provides for adequate contingency arrangements if it decides to reserve the delegated powers for itself;
- is informed at least on a quarterly basis by the Chief Executive Officer about actions by proxy-holders and by the Chief Executive Officer under the delegated powers concerning the most important transactions in terms of size and characteristics;
- is informed quarterly about significant transactions with related parties, carried out by Intesa Sanpaolo Vita;
- promotes staff compliance with the principles of moral integrity and the ethical values of the Company formalised within the Code of Ethics, and fosters an “audit culture” so that all personnel are aware of the importance and usefulness of internal audits;
- appoints or revokes the Audit manager, the Chief Risk Officer, also as head of the independent risk control function (Risk Management), the Chief Compliance Officer, also as

head of compliance and the head of the Anti Money-Laundering functions and the head of the Actuarial function;
- approves the annual activity plan of the Compliance function, Risk Management function and the Audit function;
- examines, every six months, the reports on the work done by the heads of the control functions;
- defines the main characteristics of the internal control and risk management system, expressing its opinion on the overall adequacy based on the reports by the competent functions; These activities are carried out at least once a year;
- makes sure that shortcomings and anomalies found as a result of the controls at various levels are promptly brought to its attention in order to give directives on the adequate corrective measures;
- determines the measures to be adopted following any recommendations received, and identifies the measures to eliminate deficiencies found by the Audit function, ensuring that the necessary measures are implemented;
- ensures continuous professional development which is extended also to the members of the body itself;
- carries out, at least once a year, a review on the size, composition and operation of the administrative body as a whole, including its internal committees.

The principal role of the Chief Executive Officer is to:

- Supervise the management of the company and all the affairs of the Company, representing it before the Market, Institutions and Regulators, conducting relations with the Intesa Sanpaolo Group Companies and coordinating with the companies in the Insurance Group;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, financial management and personnel coordination policies, assuring service quality, business growth, and by maintaining and monitoring the system of risks;
- Implement, maintain and monitor the system of internal controls within the Company and the Insurance Group.

The Board of Statutory Auditors of Intesa Sanpaolo Vita is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Intesa Sanpaolo Vita verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

The Board is in office until the approval of the financial statements for the year ending 31st December 2018.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Intesa Sanpaolo Vita also includes various permanent advisory committees and core functions (Legislative Decree 209/2005, updated by Legislative Decree 74/2015): Risk Management, Compliance, Actuarial and Audit. In addition to these basic functions there is another control function, AML (*Anti-Money Laundering*).

There are three managerial committees and two internal board committees:

Managerial committees:

- A Coordination Committee, which meets in two sessions (Group, and Intesa Sanpaolo Vita) whose mandate is to:
  - Facilitate interaction and communication between the company departments and the Insurance Group companies at the highest level, in order to coordinate the key decisions of the Insurance Group and to monitor the economic performance of the Group;
  - discuss proposals for determining company strategies and for monitoring the company's economic trends, as well as discussing the structure of new products, monitoring their launch plan, and for defining, prioritising and verifying the progress of key projects.

- An Investments Committee, which meets at four sessions (Group Investment Strategies, ALM and Investments, Alternative Investments and Corporate Bonds & Emerging Markets) with the aims of:
  - outlining the investment strategies for the insurance group, which each company will implement through specific strategies in the form of operational and tactical decisions discussed at their respective investment committee meetings; setting up the investment strategies and financial policies and proposing, jointly with the Delegated Manager, the guidelines for the tactical operations to be submitted for approval by the Board of Directors;
  - Supporting the Board of Directors in drawing up the guidelines on alternative investments and identifying the related monitoring tools;
  - Monitoring the thresholds for investments in corporate financial and industrial bonds and in emerging-markets securities, and pre-evaluating specific investment transactions.

- The Controls Coordination Committee which is tasked with consolidating the coordination and the mechanisms of inter-functional cooperation as part of the internal controls system of the Insurance Group.

The Group session of the Coordination Committee is attended by:

- for Intesa Sanpaolo Vita:
  - Managing Director;
  - Heads of the control functions;
  - Heads of the front line business units;
  - Head of Organization;
  - Head of Planning and management control;
  - CEOs and Directors General of the Group companies.

The Intesa San Paolo session of the Coordination Committee is attended by:

  - Managing Director;
  - Heads of the control functions;
  - Heads of the front line business units;
  - Head of Organization;
  - Head of Planning and management control.

The Group Investment Strategies Session of the Investments Committee is attended by:

- for Intesa Sanpaolo Vita:
  - Managing Director;
  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of Alternative Investments;
  - Head of Administration, Budget, Planning and management control;
  - Head of Finance and Actuarial;
  - Head of Investments;
  - CEOs and Directors General of the Group companies.

The ALM and Investments Session of the Investments Committee is attended by:

- for Intesa Sanpaolo Vita:
  - Managing Director;
  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of Administration, Budget, Planning and management control;
  - Head of Finance and Actuarial;
  - Head of Investments;
  - Head of LoB I Investments and Property;
  - Head of LoB III and VI Investments;
  - Head of Actuarial;
  - Head of ALM;
  - Head of Actuarial Function;
  - Head of Alternative Investments;
  - Head of Sales Area;
  - Head of Network Relations and Company Welfare;
  - Head of Life and Pension Policies;
  - Head of ALM Strategic and Capital Management and Head of ALM and Capital Management team of the Insurance Division;
  - CEO and Director General of Intesa Sanpaolo Assicura;
  - Head of Investments Division of Eurizon Capital.

The Alternative Investments Session of the Investments Committee is attended by:

- for Intesa Sanpaolo Vita:
  - Managing Director;
  - Chief Risk Officer;
  - Head of Administration, Budget, Planning and management control;
  - Head of Alternative Investments;
  - Head of *Credit, Loans & Private Equity*;
  - Head of Finance and Actuarial;
  - Head of Investments;
  - Head of Financial and Market Risks Division and Head of Central Credit Division of Intesa Sanpaolo.

The *Corporate Bond & Emerging Market* session of the Investments Committee is attended by:

- for Intesa Sanpaolo Vita:
    - Managing Director;
    - Chief Risk Officer
    - Head of Administration, Budget, Planning and management control;
    - Head of Finance and Actuarial;
    - Head of Investments;
    - Head of LoB I Investments and Property;
    - Head of Alternative Investments;
    - Head of ALM Strategic and Capital Management Department of the Insurance Division;
    - Head of Market Risks and Financial Valuations, Central Risk Management Division of Intesa Sanpaolo;
    - CEO and Director General of Intesa Sanpaolo Assicura.

The Controls Coordination Committee is attended by:

- Head of Audit;
- Chief Risk Officer;
- Chief Compliance Officer;
- Head of Risk Management;
- Head of Financial Governance (GAF) and Accounting Regulation;
- Head of Organization;
- Head of Actuarial Function;
- Financial Reporting Manager (currently the Head of Administration, Budget, Planning and management control).

Internal Board committees:

The Remuneration and Risks Committees are also active within the Board of Directors.

The Remuneration Committee consists of three members, one of whom is elected as Chair. It has advisory functions and makes recommendations to the Board of Directors regarding the definition of pay policies for the company's executive bodies and personnel.

The Risks Committee, set up in July 2017 and consisting of three members including the Chair, is responsible for advising and making recommendations to the Board of Directors in order to improve its efficiency, with the function of strategic supervision in the area of governance and management of financial, technical and operational risks.

The Committee pays particular attention to the work needed to ensure that the Board can correctly determine the *Risk Appetite Framework* (RAF) and the risk governance policies, and that it can also effectively exercise its additional powers regarding risks, as reserved to it by current regulations. It has advisory, consulting and investigative functions. It supports the Board of Directors in understanding the risk controls and the effective implementation of the company and Group RAF, in the exercise of the strategic supervision functions in the area of risk governance and management.

The Risks Committee also supports the Board:

- in approving the risk mitigation proposals highlighted by the risk assessment activities;
- in defining and approving the ORSA, helping to ensure that it is coherent with the RAF;
- in preparing the risk reports to be sent to the relevant regulatory authorities.

The Company has also set up the five control functions required by current regulations: *Risk Management*, *Compliance, Actuarial, Audit and AML* (*Anti-Money Laundering*).

These organisational units play a leading role in overseeing the correct operation of the mechanisms of the company and the Insurance Group. They are called upon to ascertain that the system of rules and procedures that the Company and the Group Companies have put in place is adequate to ensure the monitoring of the identified risks and can thus protect the interests of all stakeholders.

These functions are separate, organisationally speaking: their respective duties and responsibilities are described in the relevant Function Charts and further detailed in the relevant Regulations and Guidelines.

Their main tasks are detailed below:

The Audit function: is tasked with assessing the completeness, operation, effectiveness and adequacy of the Internal Controls System with regard to the nature of the activity and risk levels, and assessing the need for adjustments, also by providing support and advice to other business units.

The Audit function is independent, also hierarchically, from the operational units. The delegates are allowed access to all hard copy and electronic documents and to the audited departments, as well as to the information required to audit the outsourced activities. The Unit must also have organic ties with the other Core Functions tasked with internal control. The assigned structure must be appropriate to the scope, complexity of the activity and development objectives of the Company in terms of human and technological resources.

The audits are concluded with a follow-up on the effectiveness of the adjustments made to the system.

The Risk Management function: supports Senior Management in determining and implementing the Risk Management System, and contributes to the own risk and solvency assessment in accordance with the Risk Appetite Framework, by identifying individual business risks, measuring their effects and carrying out all the checks within its remit, in collaboration with the other Core Functions, ensuring that the company departments involved in risk management are coordinated, in compliance with the regulations set forth by the Supervisory Authorities.

Risk Management is independent, also hierarchically, from the operational structures. Risk Management, with the support of the Actuarial Function, helps to define the risk management policy and determines the criteria and the methods for measuring risk, as well as the outcome of the assessments, which are sent to the executive body (for further details, please see the Risk Management Regulation and the Rules on: Risk Management, Risk Appetite Framework, risk assessment (ORSA)).

Responsibility for the Risk Management Function lies with the Chief Risk Officer:

The Compliance function: is tasked with assessing the adequacy of the Compliance System by assessing the procedures, processes, controls and internal organisation in order to prevent the risks of incurring penalties, asset losses or damage to reputation or image resulting from the violation of external regulations (laws, regulations, provisions of supervisory authorities) and self-regulation provisions (e.g., bylaws, codes of conduct); the function is independent and hierarchically separate from the operational units.

The Compliance function provides advisory services to the Board of Directors, concerning compliance with directly applicable national and European legislative and regulatory provisions. It reviews the possible impact on company activities of changes in the regulatory framework and case law and identifies and assesses non-compliance risk. Compliance is directly responsible for performing all compliance risk duties, with reference to the regulatory areas of greatest importance to the supervisory authorities or for which centralised management of compliance risk is considered necessary, in accordance with industrial association guidelines and best market practices, or in the absence of a corporate function for specialist controls.

In all other regulatory areas applicable to the Group that present compliance risks and for which Specialist Functions with the necessary skills have been established, the tasks assigned by regulations to the Compliance function are assigned to these organisational units; this does not affect the Chief Compliance Officer's responsibility for assessing the adequacy of the Specialist Functions to manage compliance risks and determining – in collaboration with these functions – the methodologies for assessing risk and the related mitigation procedures, and conducting an assessment of the adequacy of these procedures to prevent compliance risk.

Responsibility for the Compliance Function lies with the Chief Compliance Officer.

The Chief Compliance Officer is also responsible for the *Anti-Money-Laundering (AML)* function. For the AML function, the overall architecture of the AML risk management and control system is outlined in the Guidelines of the Intesa Sanpaolo Parent Company. For the Group Companies covered by legislative decree 231/2007 and exercising non-banking business, these guidelines provide a decentralised coordination and control model. The coordination and control model provides that each Group Company sets up its own AML function and appoints an AML Manager, who reports to the AML Manager of the Banking Parent Company. The AML function carries out all the activities necessary to guarantee the fulfilment of the specialist duties needed to evaluate and manage AML risk and the risk of terrorism financing, and to assist the executive body and Senior Management in fulfilling the functions provided for in the current regulations on reporting of suspicious transactions.

The AML function reports to the Central AML Department of the Intesa Sanpaolo Parent Company.

Considering Intesa Sanpaolo Vita's role as Insurance Parent Company, the AML Function takes strategic Group-level decisions in relation to the management of this risk, in accordance with Chapter II Section IV of ISVAP Regulation No. 41, and also involves the corporate bodies of the Insurance Group companies, where appropriate. Therefore, in order to exercise its responsibilities, the AML Function has introduced processes that favour the maximum integration within the Insurance Group, also in order to obtain a System of Internal Control that enables the Insurance Parent Company to effectively control the risk borne by each group entity, and by the group as a whole.

The AML function of Intesa Sanpaolo Vita provides guidance on combating money laundering and terrorist financing for each subsidiary, depending on its respective business. Intesa Sanpaolo Assicura – which operates in the Non-life segment – is not subject to the anti-money laundering provisions of legislative decree 231/2007 as amended. Intesa Sanpaolo Vita therefore provides advisory services to the above-named subsidiary, regarding the management of antiterrorism lists. The management of the lists themselves is the responsibility of the relevant departments of the subsidiary, according to the same terms and criteria as those applied within Intesa Sanpaolo Vita.

Fideuram Vita and Intesa Sanpaolo Life D.A.C., which are subject to direction and coordination by the Insurance Parent Company, each have a Compliance and AML Manager and a Compliance & AML Officer, (PCF15 - *Head of Compliance with responsibility for Anti-Money Laundering and Counter Terrorist Financing Legislation*) who internal functionally to the Chief Compliance Officer of the Insurance Parent Company.

The head of the AML function of the Insurance Parent Company receives timely, comprehensive reports on the control activities carried out at the companies belonging to the insurance group, as well as on any significant event concerning the area of interest.

The Actuarial Function performs the following main duties:

- coordinates the calculation of Solvency II provisions;
- ensures the adequacy of the underlying methodologies and models, as well as the assumptions on which the calculation is based;
- assesses the sufficiency and quality of the data used in the calculation of technical provisions;
- compares the Best Estimates against experiential data;
- informs the Board of Directors about the reliability and adequacy of the calculation of the technical provisions;
- gives an opinion on the overall underwriting policy and on the adequacy of reinsurance arrangements;
- contributes to the effective implementation of the risk management system as per Article 30a of Italian Legislative Decree 209/2005, with specific reference to the modelling of risks underlying the calculation of capital requirements and the own risk and solvency assessment referred to in Article 30b of Italian Legislative Decree No. 209/2005; - supervises the calculation of technical provisions in the two cases provided for by Article 36k of Italian Legislative Decree No. 209/2005;
- assesses the adequacy of the individual provisions, in accordance with IVASS decision no. 53/2016;
- evaluates the cohesion between the amounts in the provisions, calculated on the basis of valuation criteria applicable to the local financial reports and the calculation of the Solvency II technical provisions.

The Actuarial function of ISV, as the group parent, also provides coordination and guidance to the actuarial departments of the companies in the insurance group, so that the activities guarantee a coherent, coordinated approach at group level.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2017.

## B.1 General information about the Governance system– Intesa Sanpaolo Vita S.p.A.

The organisational structure of Intesa Sanpaolo Assicura is defined in accordance with the organisational structure of the Insurance Group.

The Company has adopted a conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of Articles 2380 et seq. of the Italian Civil Code.

The Board Directors of Intesa Sanpaolo Assicura, which was in office until 14th March 2018, the date of approval of the financial statements for the year ending 31st December 2017, was formed of 6 members, including a Chair and a Managing Director, who also holds the position of General Director.

The Board of Directors of Intesa Sanpaolo Assicura, which has been in office since 14th March 2018 and will be until 31st December 2020, the date of approval of the financial statements for the year ending 31st December 2020, is formed of 7 members, including a Chair, a Vice Chair and a Managing Director, who also holds the position of General Director,

All the members of the Board Directors and the General Director meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo Assicura is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors of the company is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

The Board of Directors of Intesa Sanpaolo Assicura operates (at company not group level) with the same powers and responsibilities as the corresponding body within Intesa Sanpaolo Vita.

The principal role of the Chief Executive Officer and General Director is to:

- Supervise the management of the company and all the affairs of the Company, representing it before the Market, Institutions and Regulators, conducting relations with the other Intesa Sanpaolo Group Companies;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, pricing and personnel coordination policies, assuring service quality and business growth;
- Implement, maintain and monitor the system of internal controls within the Company.

The Board of Statutory Auditors of Intesa Sanpaolo Assicura, which is in office until the approval of the financial statements for the year ending 31st December 2018, is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Intesa Sanpaolo Assicura verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Intesa Sanpaolo Assicura also includes 3 advisory committees:

- The Management Committee, whose objective is to discuss proposals for determining company strategies and for monitoring the company's economic trends, as well as discussing the structure of new products, monitoring their launch plan, and for defining, prioritising and verifying the progress of key projects;

- The Investments Committee, whose aim is to discuss the investment strategies and financial policies defined during the Investment Strategies session of the parent company's investments committee. Together with the Delegated Manager, if present, it proposes guidelines for tactical operations, to be submitted to the Board of Directors for approval.
- The Risks Committee, which supports Senior Management in defining the Company's risk profile and the related levels of economic capital, in monitoring the risk profile on the basis of data reported by the relevant departments and supports senior management in establishing any corrective strategies, and in discussing the financial, operational and technical scenarios for Solvency II processes.

The Management Committee is attended by:

- for Intesa Sanpaolo Assicura:
  - CEO and Director General;
  - Heads of the front line business units.

- for Intesa Sanpaolo Vita:
  - Audit Manager;
  - Chief Compliance Officer;
  - Chief Risk Officer;
  - Head of Actuarial Function;
  - Head of Administration, Budget, Planning and management control;
  - Head of the Operations and Organization Area;
  - Head of Organization;
  - Head of Planning and management control.

The Investments Committee is attended by:

- for Intesa Sanpaolo Vita:
  - Chief Risk Officer;
  - Head of Risk Management;
  - Head of Administration, Budget, Planning and management control;
  - Head of Finance and Actuarial;
  - Head of Investments;
  - Head of LoB I Investments and Property;
  - Head of ALM;
  - Head of Actuarial Function;
  - Head of Alternative Investments;
  - CEO and Director General of Intesa Sanpaolo Assicura.

The Risks Committee is attended by:

- for Intesa Sanpaolo Assicura:
  - CEO and Director General;
  - Head of Claims and Litigation;
  - Head of Motor Policies and Actuarial;
  - Head of RE/CPI and digital channels;
  - Head of PMI and corporate development;
  - Head of Operations.

- for Intesa Sanpaolo Vita:
    - Chief Risk Officer;
    - Chief Compliance Officer;
    - Audit Manager;
    - Head of Risk Management;
    - Head of Investments;
    - Head of Administration, Budget, Planning and management control;
    - Head of Finance and Actuarial;
    - Head of Actuarial Function.

The CEO and Director General also attend the Group sessions of the following ISV Committees: Coordination Committee – Group session, Investments Committee – Group Investment Strategies, ALM & Investments session and Investments, Corporate Bonds & Emerging Markets.

The company has outsourced the core functions to ISV, as the Insurance Parent Company. Please refer to the paragraph about the parent company.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2017.

## B.1 General information about the Governance system– Fideuram Vita S.p.A.

The organisational structure of Fideuram Vita is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The Company has adopted a conventional management and control model based on a Board of Directors and a Board of Statutory Auditors, in keeping with the provisions of Articles 2380 et seq. of the Italian Civil Code.

The Board of Directors of Fideuram Vita is in office until the approval of the financial statements for the year ending 31st December 2018, and is formed of 9 members, including a Chair, a Vice Chair and a Managing Director, who also holds the position of Director General.

All the members of the Board Directors and the General Director meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors of Fideuram Vita operates (at company not group level) with the same powers and responsibilities as the corresponding body within Intesa Sanpaolo Vita.

It has no internal committees. The Board of Directors has delegated part of its powers to the Chief Executive Officer and the General Director, and determines their powers.

The principal role of the Chief Executive Officer and General Director is to:

- Supervise the management of the company and all the affairs of the Company, representing it before the Market, Institutions and Regulators, conducting relations with the other Intesa Sanpaolo Group Companies;
- Ensure that the Company's financial, commercial and risk targets are met by defining the commercial, technical insurance, pricing and personnel coordination policies, assuring service quality and business growth;
- Implement, maintain and monitor the system of internal controls within the Company.

The Board of Directors is informed at least on a quarterly basis by the Chief Executive Officer and General Director about the actions carried out by the legal representatives and the Chief Executive Officer under the delegated powers concerning the most important transactions in terms of size and profile.

The Board of Statutory Auditors of Fideuram Vita is formed of 3 standing members including the Chair, and 2 substitute members. They all meet the requirements of integrity, professionalism and independence as stipulated by current legislation.

The Board of Statutory Auditors of Fideuram Vita verifies the adequacy of the organisational, administrative and accounting structure of the Company, and its functioning.

The Board is in office until the approval of the financial statements for the year ending 31st December 2018.

Under the limits permitted by Law no. 183/2011, the Company has assigned the Board of Statutory Auditors the prerogatives previously held by the Supervisory Body under Italian Legislative Decree No. 231/2001.

The Governance system of Fideuram Vita also includes the following advisory committees:

- The Management Committee, whose objective is to discuss proposals for determining company strategies and for monitoring the company's economic trends, as well as discussing the structure of new products, monitoring their launch plan, and for defining, prioritising and verifying the progress of key projects;
- The Investments Committee, which is tasked with giving an opinion on the structure and definition of the investment strategies and financial policies, formulating proposals on the operational guidelines to be submitted for approval by the Board of Directors;
- Risks Committee, which is responsible for supporting senior management in defining the Company's risk profile and the related levels of economic capital, for monitoring the risk profile on the basis of data reported by the relevant departments and for supporting the senior management in establishing any corrective strategies;
- AML Committee, responsible for supporting the Head of AML, subject to the Head's independence in exercising his or her role, in checking the proper control of procedures aimed at combating money laundering, terrorism financing, and managing embargoes.

The Management Committee is attended by:

- CEO and Director General;
- Head of Technical Management, Actuarial and Network Development;
- Head of Administration, Governance and Support.

The committee sessions are also attended by the heads of the control functions, the customer relations manager and the head of planning and control, who are permanent guests.

The Investments Committee is attended by:

- CEO and Director General;
- Head of Risk Management;
- Head of Administration, Governance and Support;
- Head of Technical Management, Actuarial and Network Development;
- Head of Planning and control;
- Head of Actuarial Function;
- Head of Finance & Treasury of Fideuram and Intesa Sanpaolo Private Banking;
- Head of Managed Products – Fideuram Investimenti;
- Head of ALM Strategic and Capital Management Department of the Insurance Division.

The Risks Committee is attended by:

- CEO and Director General;
- Audit Manager of Intesa Sanpaolo Vita;
- Head of Risk Management;
- Head of Compliance and AML;
- Head of Actuarial Function;
- Head of Technical Management, Actuarial and Network Development;
- Head of Administration, Governance and Support;
- *Chief Risk Officer* of Intesa Sanpaolo Vita.

The AML Committee is attended by:

- CEO and Director General;
- Head of Compliance and AML;
- Head of Risk Management;
- Head of Technical Management, Actuarial and Network Development;
- Head of Customer Management;
- Customer Relations Manager;
- Head of Information Systems and IT Outsourcing;
- Head of Accounting and Treasury;
- Head of AML;
- *Chief Compliance Officer* of Intesa Sanpaolo Vita.

The CEO and Director-General of Fideuram Vita also attend the following committee meetings of the Insurance Parent Company Intesa Sanpaolo Vita:

- Coordination Committee - Group session;
- Investments Committee - Group Investment Strategies Session.

The control functions required by the regulations are separate, organisationally speaking: their respective roles and responsibilities are described in the relevant Function Charts and further detailed in the relevant Regulations and Guidelines.
Their main tasks are detailed below:
Risk Management supports Senior Management in determining and implementing the Risk Management System, and contributes to the own risk and solvency assessment in accordance with the Risk Appetite Framework, by identifying individual business risks, measuring their effects and carrying out all the checks within its remit, in collaboration with the other Core

Functions, ensuring that the company departments involved in risk management are coordinated, in compliance with the regulations set forth by the Supervisory Authorities.
The Risk Management function is independent, also hierarchically, from the operational functions. It reports directly to the Board of Directors.
Risk Management, with the support of Actuarial, helps to define the risk management policy and determines the criteria and the methods for measuring as well as the outcome of the assessments, which are sent to the executive body.

Risk Management reports to the *Chief Risk Officer* of Intesa Sanpaolo Vita.
Compliance and AML is independent, also hierarchically, from the operational functions. It reports directly to the Board of Directors.
Compliance and AML reports to the Chief Compliance Officer of Intesa Sanpaolo Vita.
The department is split into two Level II units: Compliance and AML.

Compliance is responsible for:

- assessing the adequacy of the Compliance System by evaluating the procedures, processes, controls and internal organisation to prevent the risks of incurring penalties, asset losses or damage to reputation or image resulting from the violation of external regulations (laws, regulations, provisions of supervisory authorities) and self-regulation provisions (e.g. bylaws, codes of conduct);
- advising the Board of Directors on compliance with legislation, regulations and directly applicable European directives;
- evaluating the potential impact of changes in the regulatory framework or developments in case law, and identifying and evaluating the compliance risk.

The AML unit is responsible for all the duties relating to anti money laundering, the fight against the financing of terrorism, and the management of embargoes. It operates in line with the Group directives.
The AML manager (who is the same as the Compliance and AML Manager) periodically presents a programme of activities to the executive body, indicating the work it intends to carry out in relation to the risk of money laundering and terrorism financing. It prepares a report on the adequacy and efficiency of the controls put in place by the company to manage these risks.
The *Audit* activity has been outsourced to the Insurance Parent Company, Intesa Sanpaolo Vita, whose Audit manager reports to the Board of Directors of Fideuram Vita: refer to the roles and responsibilities described in the paragraph about the Parent Company.
The Actuarial function is independent, also hierarchically, from the operational functions. It reports directly to the Board of Directors.
The Actuarial function is tasked with:

- coordinating and supervising activities related to calculation of the Solvency II technical provisions, ensuring that the methods, models and underlying assumptions are adequate;
- assessing the sufficiency, quality and reliability of the data used to calculate the Solvency II Technical Provisions, by monitoring and verifying the existence of adequate internal procedures to guarantee the appropriateness, completeness and accuracy of the data;
- adopting the most appropriate actuarial methods to evaluate the congruency of the Solvency II Technical Provisions, ensuring that they are periodically compared against experiential data and making adjustments as necessary;
- providing adequate information to the executive body in relation to the reliability and adequacy of the Solvency II Technical Provisions calculation;

- giving an opinion on the overall underwriting policy and on the adequacy of reinsurance agreements.
- contributing - together with the other control functions - to the effective application of the risk management system, with specific reference to the modelling of risks underlying the calculation of solvency capital requirements and the internal risk and solvency assessment;
- assessing the adequacy of the statutory technical provisions;
- evaluating the cohesion between the amounts in the provisions, calculated on the basis of the valuation criteria applicable to the local financial reports and the calculation of the Solvency II technical provisions.

The Actuarial function reports to its counterpart at Intesa Sanpaolo Vita

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2017.

## B.1 General information about the Governance system– Intesa Sanpaolo Life D.A.C.

The organisational structure of Intesa Sanpaolo Life D.A.C. is defined in accordance with that of the Insurance Group, and confirms the differentiation between the control, staff and business functions.

The insurance company is an Irish company for the purposes of the New Companies Act 2014, and is licensed and regulated by the Central Bank of Ireland.

On 31st December 2017, the Board of Directors (the executive body) of Intesa Sanpaolo Life was formed of seven members (two executive directors, three non-executive independent directors, and two non-executive group directors).

All the members of the Board Directors meet the integrity, professionalism and independence requirements stipulated by current legislation.

The Board of Directors of Intesa Sanpaolo D.A.C. is ultimately responsible for defining the strategies and guidelines concerning risk management and internal controls, and for ensuring that they are adequate and maintained over time in terms of their completeness, functionality and efficiency, in line with the size and specific operations of the company, as well as the nature and intensity of the company's risks. These powers also extend to the outsourced activities.

The Board of Directors is ultimately responsible for compliance with directly applicable national and European legislative and regulatory provisions.

In fulfilling its responsibilities, the Board of Directors is supported by various committees, each of which has its own roles and responsibilities, which are reviewed at least once a year. In any case, the Board of Directors is kept fully informed about the work of each committee, through reports that allow it to maintain adequate supervision. Each committee is chaired by an independent non-executive director appointed by the Board of Directors.

The Board of Directors of Intesa Sanpaolo Life D.A.C. has set up the following internal committees:

- Audit and Reporting Committee: it performs a preparatory and advisory role for the Board of Directors on the financial reporting process, the accuracy and integrity of the company's financial reports; it supervises the internal control systems and activities in relation to events

that expose the company to significant risks; it exercises its duty of making recommendations to the Board on the options available to it regarding the external auditors (hiring auditors, determining their fees, supervising their work and terminating the contract if necessary). It also oversees the financial reporting process and provides an analysis to the Board of Directors, monitoring the activities of the internal audit functions and receives reports. The Audit and Reporting Committee has set up an internal cyber security committee which is tasked with introducing, monitoring and proposing mitigating solutions in the field of ICT security;

- Investment & Product Committee: it proposes to the Board of Directors the policies on investment risk management and investment in derivatives, and guarantees that the investments (both those of the company and those relating to Unit Linked and Index Linked products) are policy-compliant. The Investment & Product Committee has set up two additional operational committees: an Operational Investments Committee (OIC), which is responsible for implementing the Board of Directors' policies and the strategy regarding the company's investments, and a Products Committee, which is responsible for implementing the product governance policies authorised by the Board of Directors and by the Investment & Product Committee in accordance with European and Italian regulations on product governance, and the local regulatory body;
- Risk & Compliance Committee: it advises the Board of Directors on the effectiveness of the strategies and policies, and on the appropriate level of risk appetite and tolerance, in light of the company's future strategy and financial position. The Committee also supervises compliance with the applicable regulations.

The Insurance Parent Company's Remuneration Committee also assesses the payments to the managing directors of the Italian and international group companies, including Intesa Sanpaolo Life D.A.C., and checks that the pay policies adopted by the Insurance Group companies are cohesive. The key personnel of the Company and of the Directors are nominated by the Banking Group and Insurance Group committees.

The Board of Directors has put in place an effective risk management system which is supervised by the Head of Risk Management (CRO). The Head of *Risk Management* (CRO) is an employee of the company who reports directly to the Board of Directors. Supported by a risk management team, the CRO ensures that the risk management system is an integral part of the company's strategy and decision making processes. The key responsibilities include support from the Board of Directors in relation to:

- preparation of the risks register;
- maintaining the definition of the risk appetite;
- elaborating appropriate risk management policies;
- management of the ORSA process;
- risk monitoring and reporting;
- calculation of the Solvency Capital Requirement and the Minimum Capital Requirement.

The CRO is an official component of the Risk & Compliance Committee. The Head of Risk Management is also a permanent attendee at the meetings of the *Investment & Product Committee* and *Audit & Reporting Committee*.

The main activities of the Head of Risk Management (CRO) are summarised in the terms of reference for this role.

The Compliance function plays a key role in checking the company's conformity to legal and regulatory requirements in Ireland, and in general in other countries in which its policies are invested, in order to ensure that the business objectives are met without infringing the regulatory requirements. The Compliance function is part of the second line of defence of the company's Governance and control model.

The Head of Actuarial Function carries out the allocated activities in accordance with Solvency II regulations. The Head of Actuarial Function produces a report at least once a year for the Board of Directors (the *Actuarial Report on Technical Provisions*). The report summarises all the main activities performed by the Actuarial Function, and if necessary identifies any deficiencies in the governance system, as well as providing recommendations on how these gaps can be eliminated. The main activities of the Actuarial Function are summarised in the terms of reference for this role (they reflect the provisions of the *Domestic Actuarial Regime*) and include an adequacy assessment on the models and data used to calculate the technical provisions, providing an opinion on the underwriting and the insurance policy, and on the company's ORSA process.

In addition, the Head of Actuarial Function gives an annual *Actuarial Opinion on Technical Provisions to the Central Bank of Ireland*, in accordance with Solvency II regulations.

The Actuarial Function is currently outsourced. The role of head of the Actuarial Function is supervised directly by the CEO. The company is committed to re-internalising this function by the end of May 2018 in accordance with the terms of the derogation received from the Central Bank of Ireland in relation to the requirements for the Head of Actuarial Functions in companies with a "high" PRISM rating.

The head of Internal Audit deals with the critical third line of defence, in implementing the three lines of the Governance and control model.

The role of Head of the Audit Function is outsourced to the Audit Function of the Insurance Parent Company Intesa Sanpaolo Vita. The company guarantees an efficient, independent Audit Function through the supervision of the Board of Directors, especially through the directions indicated by the Audit and Reporting Committee. The Audit manager is a permanent guest at the meetings of the Audit and Reporting Committee, and regularly meets its Chair (an independent non-executive director), at separate meetings. The head of Internal Audit presents the annual audit plan to the Board of Directors. The audit plan receives input from the Board of Directors, identifying the areas in which the audit would help to pursue the business strategy, or strengthen the company's audit culture. The Head of Internal Audit can also include areas of investigation in the audit plan, to ensure that the internal audit process remains independent.

The Audit and Reporting Committee and the Board of Directors are regularly updated on all current audits and on actions relating to every previous audit.

The company has assessed its Governance system as being adequate, compared to the nature, scope and complexity of the risks of the company's activities in 2017.

## Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Vita Insurance Group

The oversight of risk management for Intesa Sanpaolo Vita and for the Insurance Group is carried out by the Risk Management Function through a specific organisational unit that also operates on other companies in the Insurance Group in relation to the role of Insurance Group

Parent Company, thus ensuring uniformity of auditing and allowing for operational synergies and assessments on the Group.

This function also performs risk management for Intesa Sanpaolo Assicura, under an outsourcing contract which enables operating synergies. The Risk Management function of Fideuram Vita is functionally dependent on its counterpart at Intesa Sanpaolo Vita.

For Intesa Sanpaolo Life D.A.C., the ISV Risk Management function i) provides its counterpart at the Irish company with the principles of the internal regulations, methodologies and verification procedures used to standardise the management and measurement of risks, and ii) also checks that these procedures are implemented by participating in the Risk & Compliance Committee as permanent attendee, in order to inform, analyse and debate the principal risk control dynamics ahead of the decisions taken by the executive body.

Activities are regularly coordinated, partly through the use of common systems to standardise the management of financial and operational risks.

ISV's Compliance function provides transverse supervision of compliance risk at Insurance Group level, through a dedicated unit.

For the subsidiary Intesa Sanpaolo Assicura, this department provides Compliance activities under an outsourcing contract, which ensures standard audit interventions and enables the formation of operational synergies, as well as Group evaluations.

For Fideuram Vita and Intesa Sanpaolo Life D.A.C., activities of the company's Compliance function are performed accordingly to the Insurance Parent Company direction and coordination, where consistent with local regulation.

Details of the activities and relations between departments can be found in the ISV Compliance Guidelines, which match the Group Compliance Guidelines that define the Compliance model of the Intesa Sanpaolo Group.

The Audit function of Intesa Sanpaolo Vita operates through a specific organisational unit, which also operates on other companies belonging to the Insurance Group both with regard to the role of Insurance Group Parent and for the insurance companies under outsourcing contracts, thus ensuring uniform intervention in the assessments carried out and the realisation of operating synergies.

The Head of the Internal Audit periodically reports to the administration and control body of the Insurance Parent Company, or to the organs of each insurance company (Audit and Reporting Committee for Intesa Sanpaolo Life D.A.C.), providing a written report on the audits during the period together with details of points for attention and current or future improvement actions. Specifically:

- it reports every six months to the Board of Directors on its activities during the reference period;
- it reports every six months to the Board of Statutory Auditors;
- during periodic meetings, it reports to the 231 Supervisory Body, in the event of interventions concerning 231 risks.

The reports presented to the corporate bodies of Intesa Sanpaolo Vita also contain information about the control activities performed for Insurance Group companies.

The ISV Actuarial function also operates for Intesa Sanpaolo Assicura under outsourcing agreements.

The subsidiaries are required to send the Actuarial function of the Parent Company all the information needed for the regulatory control activity.

## Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Vita S.p.A.

In accordance with the SCI Directives (Internal Controls System Directives), the core functions of Intesa Sanpaolo Vita (Internal Audit, Risk Management, Compliance and Actuarial Function) are separate from the operational units and are also organisationally segregated. To guarantee their independence, they report directly to the Board of Directors on their activities. The managers of the control functions are members of the Coordination and Risks Committees, at the company and Insurance Group sessions.

Coordination between the control functions is assured through the participation of these functions in the Controls Coordination Committee, and through the exchange of information as required by the internal regulations, in compliance with Regulation 20 (art. 5 (2)). The auditing firm, the Board of Statutory Auditors, the 231 Supervisory Body and the Administration and Finance Governance Regulations Unit are also involved in the system of controls, in accordance with the application of the above Regulation.

The information that these functions send to the Board of Directors regarding the planned audits and outcomes are governed by the regulations and guidelines for the control functions. These reports are mainly carried out using the dashboard of critical issues and the periodic report to the Board of Directors.

Each control function performs its activities through a dedicated department.

All personnel of key company departments have adequate specialist expertise and are periodically updated by attending training courses, to allow them to carry out their controls and audits.

These core functions inform and support the Boards of directors and auditors mainly by proactively participating in the above committees and by providing reports which focus on describing the plan of action, the activities performed, and the outcomes.

In the specific case of coordination between the executive and supervisory bodies and the risk management, compliance, internal audit and actuarial functions, the procedure of direct reporting to the Board of Directors by the internal audit function, is the main system used. Also in this case, the reports focus on a description of the plan of action, the activities performed, and the outcomes.

With effect from 1st January 2017, the Actuarial function will be placed in the area that reports directly to the Board of Directors to ensure its independence in control activities.

With regard to Solvency II, the Head of the Actuarial function reports at least once a year to the Board of Directors, expressing its opinion on the adequacy of the technical provisions, the underwriting and reserving policy, and the reinsurance agreements.

## Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Assicura S.p.A.

In accordance with the Directives related to the System of Internal Controls, the core functions of Intesa Sanpaolo Assicura (Internal Audit, Risk Management, Compliance and Actuarial Function) are organisationally segregated.

The activities of the Key Functions for Intesa Sanpaolo Assicura are outsourced to the Insurance Parent Company, which applies the same rules as its own.

## Coordination between the executive and supervisory bodies and key functions – Fideuraum Vita S.p.A.

In accordance with the Directives related to the System of Internal Controls, the core functions of Fideuram Vita (Internal Audit, Risk Management, Compliance and Actuarial Function) are organisationally segregated.

Coordination between the control functions is assured through the exchange of information as required by the internal regulations compliance with Regulation 20 (art. 5 (2)). The auditing firm, the Board of Statutory Auditors, the 231 Supervisory Body and the Administration and Finance Governance Regulations Unit are also involved in the system of controls, in accordance with the application of the above Regulation.

The information that these functions send to the Board of Directors regarding the planned audits and outcomes are governed by the regulations and guidelines for the control functions. These reports are mainly carried out using the dashboard of critical issues and the periodic report to the Board of Directors.

Each control function performs its activities through a dedicated department.

These core functions provide information and support to the management and control bodies by periodically reporting to the Board of Directors, using the same procedures as those applied by the parent company Intesa Sanpaolo Vita.

## Coordination between the executive and supervisory bodies and key functions – Intesa Sanpaolo Life D.A.C.

In accordance with the guidelines for the internal control system, the key corporate functions of Intesa Sanpaolo Life D.A.C. (*Internal Audit*, *Risk Management*, *Compliance* & *AML and Actuarial Function*) are organisationally separate.

These core functions provide information and support to the management and control bodies by periodically reporting to the Board of Directors, using the same procedures as those applied by the parent company Intesa Sanpaolo Vita.

## Changes to the Governance system – Intesa Sanpaolo Vita S.p.A.

The directives on the system of internal controls adopted in accordance with Article 5 (2) d), i) and j) of ISVAP Regulation No. 20/2008, as amended by IVASS Provision No. 17/2014 and the implementing terms, were assessed, updated and approved by the Board of Directors of the Insurance Parent Company at the Board meeting on 6th November 2017.

These updates are made in accordance with the amendments introduced by IVASS Regulation No. 22/2016 concerning Group Supervision, and by Legislative Decree 209/2005 (Code of Private Insurance) and by Legislative Decree 74/2015.

The company has not seen any substantial changes to the governance system during the reference period, regarding the Board of Directors or the Board of Statutory Auditors, whereas changes have been made to the committees in order to strengthen the opportunities for guidance and coordination between the Insurance Parent Company and the other Group companies.

## Changes to the Governance system – Intesa Sanpaolo Assicura S.p.A.

During 2017 there were no substantial changes to the Governance system apart from various modifications to the Regulations of the advisory committees, with the aim of strengthening the opportunities for guidance and coordination between the Insurance Parent Company and the other Group companies.

## Changes to the Governance system – Fideuram Vita S.p.A.

The directives on the system of internal controls adopted in accordance with Article 5 (2) d), i) and j) of ISVAP Regulation No. 20/2008, as amended by IVASS Provision No. 17/2014 and the implementing terms, were assessed, updated and approved by the Board of Directors of Fideuram Vita at the Board meeting on 13th December 2017. They were drafted in accordance with the Parent Company's document.

With effect from 1st November 2017, the Actuarial function of Fideuram Vita reported to its counterpart at the Insurance Parent Company, implementing the Regulations of the Insurance Group, which requires the control functions of Fideuram Vita to report to the identical functions of the Parent Company.

During the year various amendments were also made to the regulations of the advisory committees, in order to strengthen their membership and reinforce the opportunities for guidance and coordination between the insurance parent company and the Company.

With effect from 1st June 2017, the activities of Financial and Administrative Governance (GAF) were outsourced to the Insurance Parent Company.

The Company did not see any substantial changes to its governance system during the reference period.

## Changes to the Governance system – Intesa Sanpaolo Life D.A.C.

In 2017 there were significant changes to the governance structure of Intesa Sanpaolo Life D.A.C. to reflect the structures in force at the parent company, where the control functions report directly to the Board of Directors. During the year the Board of Directors' committees were streamlined, by reducing and reorganising the reporting lines, and adjusting the number of committee members.

## Remuneration system and pay policy – Intesa Sanpaolo Vita Group

The Intesa Sanpaolo Group companies are asked to implement the remuneration policies defined in the ISP remuneration report, breaking them down if necessary into specific

implementing measures that also take into account the regulatory and sector governance restrictions, represented by the provisions of ISVAP Regulation no. 39/2011.

The Remuneration Policies applied in 2017 were based on the following principles:

- alignment of Management and staff behaviour with the interests of shareholders, the medium and long term strategies and company objectives, within a framework of rules aimed at proper control of the current and future risks, and at maintaining an adequate level of liquidity and capitalisation;
- merit, to ensure that there is a close connection between the work delivered and the resulting managerial quality, by means of:
    - pay flexibility, by recourse to the variable performance-based bonus;
    - a focus on key resources of a high managerial level, who receive competitive salaries compared to the reference market;
    - differentiation of the best performances, which will be awarded bonuses significantly higher than average;
- equity, in order to encourage virtuous behaviours and harmonise pay packages, through:
    - a correlation between the individual's fixed salary and the importance of their position;
    - a differentiation of the target pay and the impact of the bonus on global pay, based on the professional category, in accordance with the salary cap defined by the Intesa Sanpaolo Group.
- external competitiveness of the annual global pay compared to the market levels, which are surveyed periodically in order to attract and retain the best managerial and professional resources on the market;
- sustainability, in order to keep the costs of applying the policy within values compatible with the medium-long term strategies and annual targets, through:
    - mechanisms to adjust the provisions used to finance the bonus package, based on the company’s profits and results, also in relation to the peer group;
    - selective changes to fixed pay;
    - use of objective parameters to define the financial interventions;
    - the setting of caps on global incentives and on the amount of individual bonuses;
    - proportionality, based on the professional role in question, in order to take into account the different impact of management and employee categories, compared to the risk profile;
- conformity to the provisions of current regulations, by:
    - adopting structured processes that involve all the relevant company functions;
    - formalising, tracking and documenting all process phases;
    - adequate reporting on the definition and application of the remuneration and bonus policies.

The pay policies are based on individual and company performance. As far as the profits principle is concerned, bonuses are awarded in relation to the achievement of subsequent results (by the banking group, company and individual performances) which are measured by specific performance indicators.

In relation to the correlation between pay, risks and performance, the principle of financial sustainability applies. A bonus pool is used, in order to link the amount of the bonus to pre-defined conditions. The failure to fulfil even one pre-defined condition means that access to the Intesa Sanpaolo Group bonus pool will be withheld. The principle of financial sustainability also exists at the level of each department or company within the Intesa Sanpaolo Group, and

therefore only those that exceed the entry threshold will receive the pre-defined bonus (once the Group gateway has been activated).

The pay guidelines of the Intesa Sanpaolo Group and of the companies of the Intesa Sanpaolo Vita Group, have always been based on the principle of segmentation according to the role and contribution made to the corporate governance processes and to the systems and tools applied.

In 2014, the European Union issued, at the proposal of the EBA, the new Regulatory Technical Standards (RTS), in relation to the appropriate quali-quantitative criteria to identify the staff categories whose activities have a substantial impact on the entity's risk profile ("Risk Takers"), applied retroactively from 1st January 2014.

The Intesa Sanpaolo Group has applied the EU Delegated Regulation No. 604 in all the companies, including those of the Insurance Group, by means of a self assessment process that is drawn up, directed and coordinated by the Banking Parent Company.

The Boards of Directors of all the Insurance Group companies were presented with the "Remuneration report of Intesa Sanpaolo" (the "ISP Report"), prepared in accordance with the supervisory provisions and communications issued by the Bank of Italy and on the basis of Article 123b of the Finance Consolidation Act as a listed issuer approved by the Management Board, the Supervisory Board and the Meeting of Shareholders. The ISP Report contains the remuneration policies adopted by Intesa Sanpaolo S.p.A. for its own company bodies, those of its subsidiaries and the Group collaborators (with a particular focus on the Directors General and Directors with strategic responsibilities) as well as the procedures for the adoption and implementation of those policies, by providing quantitative analytical and aggregate information.

The IFP Report takes account of the *Regulatory Technical Standards* issued during 2014 by the European Union at the proposal of the European Banking Authority in relation to the quali-quantitative criteria used to identify categories of personnel whose activities have a substantial impact on the entity's risk profile (risk takers) and the updated version of the "Remuneration and bonus policies and practices" in Title IV - Chapter 2 of the Bank of Italy Circular no. 285/2013 published in the Official Gazette of the Republic of Italy on 2nd December 2014 and issued in application of "Directive 2013/36/EU of the European Parliament and Council of 26th June 2013" ( CRD IV).

The Intesa Sanpaolo Group companies are asked to implement the pay policies defined in the ISP report, breaking them down if necessary into specific implementing measures that also take into account the regulatory and sector governance restrictions. With regard to the Company, these mainly relate to the provisions of ISVAP Regulation no. 39/2011.

## Remuneration system and pay policy – Intesa Sanpaolo Vita S.p.A.

The remuneration system and pay policies of Intesa Sanpaolo Vita are in line with the principles described in the paragraph on the Insurance Group.

At the board meeting on 6th April 2017, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders on 5th May 2017:

a. the "Intesa Sanpaolo Vita Remuneration Report" prepared in accordance with Article 24 of ISVAP Regulation No. 39/2011, which also contains an update of the Company's Remuneration Policies for 2017. This was prepared with the involvement of the internal audit functions and the HR Function, and on the basis of (i) the indications and proposals

formulated by the Remuneration Committee at the meeting on 6th April 2017, and (ii) the ISP Report;

b. the "Audit Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which takes account of the completion of the quantification and approval of the 2016 bonus system (estimate of financial requirement, certification of results, identification of the beneficiaries, Management, and managers of the Control Functions). This will be followed by the application of the 2016 Remuneration Policies, in order to verify their alignment with the provisions approved by the relevant bodies of the company; the Report also refers to checks on the accuracy of bonuses paid in 2016 compared to the ISV Remuneration Policies for 2015;

c. the "Compliance Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which confirms that the updated version of the Company's Remuneration Policies is in line with the provisions of the Regulations, the bylaws, the Code of Ethics and the pay policies of the Intesa Sanpaolo Group and with the other codes of conduct applicable to the Company.

Intesa Sanpaolo Vita, as the parent company of the Intesa Sanpaolo Vita Insurance Group, ensures that the pay policies of the other Insurance Group companies are coherent, that they are suited to the profile of each company, and also check that all the Insurance Group companies comply with the provisions of ISVAP Regulation No. 39/2011, including companies with head offices based overseas, compatibly with the regulatory framework of the foreign country.

There is also an internal regulation that governs the preparation of the annual pay policies, in accordance with ISVAP Regulation No. 39/2011.

## Remuneration system and pay policy – Intesa Sanpaolo Assicura S.p.A.

The remuneration system and pay policies of Intesa Sanpaolo Assicura are in line with the principles described in the paragraph on the Insurance Group.

At the Board meeting on 3rd May 2017, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders on the same date:

a. the "Intesa Sanpaolo Assicura Remuneration Report" prepared in accordance with Article 24 of ISVAP Regulation No. 39/2011, which also contains an update of the Company's Remuneration Policies for 2017. This was prepared with the involvement of the internal audit functions, and the HR Function, and on the basis of (i) the indications and proposals formulated by the Remuneration Committee at the meeting on 6th April 2017, and (ii) the ISP Report.

b. the "Audit Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which takes account of the completion of the quantification and approval of the 2016 bonus system (estimate of financial requirement, certification of results, identification of the beneficiaries, Management, and managers of the Control Functions), followed by checks on the application of the 2016 Remuneration Policies, in order to verify their alignment with the provisions approved by the relevant bodies of the company; the report also covers the accuracy of bonuses paid in 2016 compared to the ISV Remuneration Policies for 2015;

c. the "Compliance Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which confirms that the updated version of the Company's Remuneration Policies is in line with the provisions of the Regulations, the bylaws, the Code

of Ethics and the pay policies of the Intesa Sanpaolo Group and with the other codes of conduct applicable to the Company.

## Remuneration system and pay policy – Fideuram Vita S.p.A.

The remuneration system and pay policies of Fideuram Vita are in line with the principles described in the paragraph on the Insurance Group.

At the Board meeting on 3rd May 2017, the following documents were presented to the Board of Directors, before being presented to the Meeting of Shareholders on 17th May 2017:

a. the "Intesa Sanpaolo Assicura Remuneration Report" prepared in accordance with Article 24 of ISVAP Regulation No. 39/2011, which also contains an update of the Company's Remuneration Policies for 2017. This was prepared with the involvement of the internal audit functions, and the HR Function, and on the basis of (i) the indications and proposals formulated by the Remuneration Committee at the meeting on 6th April 2017, and (ii) the ISP Report.
b. the "Audit Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which covers the quantification and approval of the 2016 bonus system (estimate of financial requirement, certification of results, identification of the beneficiaries, Management, and managers of the Control Functions), followed by checks on the application of the 2016 Remuneration Policies, in order to verify their alignment with the provisions approved by the relevant bodies of the company; the report also checks that the bonuses paid during 2016 were accurate compared to the contents of the Fideuram Vita pay policies for 2015;
c. the "Compliance Function Report" prepared in accordance with Article 23(1)(b) of ISVAP Regulation No. 39/2011, which confirms that the updated version of the Company's Remuneration Policies is in line with the provisions of the Regulations, the bylaws, the Code of Ethics and the pay policies of the Intesa Sanpaolo Group and with the other codes of conduct applicable to the Company.

## Remuneration system and pay policy – Intesa Sanpaolo Life D.A.C.

The remuneration system and pay policies of Intesa Sanpaolo Life D.A.C. are in line with the principles described in the paragraph on the Insurance Group.

## Operations with shareholders and persons of influence – Intesa Sanpaolo Vita Insurance Group

The Insurance Group Companies apply and maintain a policy to manage conflicts of interest, which is prepared on the basis of the nature, size and complexity of their individual businesses.

The Group has internal procedures and regulations which are designed to identify and regulate operational situations that could give rise to potential conflicts of interest deriving from group relations, their own business relations, or those of Intesa Sanpaolo Group companies.

The Group also has its own procedure to manage related party transactions, and transactions with affiliates of the Insurance Group, and infragroup transactions; this procedure is coordinated, and reflects the regulations of the Parent Company Intesa Sanpaolo.

The procedures are periodically reviewed by the Companies, which verify that they are effective and adequate, based on changes to the organisational structures and regulatory requirements.

## Operations with shareholders and persons of influence – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita has agreements in place with the majority shareholder Intesa Sanpaolo S.p.A. for the retailing of insurance products, and outsourcing contracts for services related to corporate protection, human resources, risk management, external relations, corporate affairs and equity investments.

The company has not carried out any major transactions during the year with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

## Operations with shareholders and persons of influence – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has outsourcing agreements in place with the majority shareholder Intesa Sanpaolo Vita S.p.A. for the supply of services relating to Purchasing (purchases of goods and services), Legal & Corporate Affairs, Administration, Management Control, Sales, Coordination, HR Development and Administration, Finance-Investments and Securities Management, Claims Management, Digital Insurance, Organisation, Reinsurance, General and Property Services, Solvency II provisions calculation and the control functions as already described.

The company has not carried out any major transactions during the year with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

## Operations with shareholders and persons of influence – Fideuram Vita S.p.A.

Fideuram Vita has agreements in place with the shareholder Fideuram Intesa Sanpaolo Private Banking for the retailing of insurance products, and outsourcing contracts for services related to corporate protection, human resources, risk management and external relations.

The company has not carried out any major transactions during the year with any persons that exercise a considerable influence or with the members of the executive, management or supervisory bodies.

## Operations with shareholders and persons of influence – Intesa Sanpaolo Life D.A.C.

In 2017 the company did not carry out any major transactions with any persons that exercise a considerable influence on the company or with the members of the executive, management or supervisory bodies.

# B.2 Competence and integrity requirements

## B.2 Competence and integrity requirements– Intesa Sanpaolo Vita Insurance Group

Intesa Sanpaolo Vita has adopted "Rules on assessing the conditions of fitness for office", which were prepared in accordance with the specific provisions of Article 5(2)(i) of ISVAP Regulation No. 20/2008 (the "Rules"), whose objectives include the definition of the company policy through which the company and each Italian insurance business within the Intesa Sanpaolo Vita Insurance Group evaluates the fitness for office not only of the members of the Boards of directors and statutory auditors, but also of the managers of key functions or, if these functions are outsourced, of the contact person/managers responsible for auditing the outsourced activities, as well as the Chief Risk Officer and Chief Compliance Officer, if appointed.

The Rules, approved by the Board of Directors on 25th September 2014, were last updated at the Board meeting on 6th November 2017.

The Rules have been applied and adopted by the Insurance Group Companies.

The fitness for office requirements for the Board of Directors and Board of Statutory Auditors and the director-general (if appointed) are those contained in Article 76 (1) of legislative decree 209/2005, M.D. 220/2011, and those in M.D. 162/2000 for the Board of Statutory Auditors, Articles 2382 (for the Board of Directors), 2397 (2) and 2399 (for the Board of Statutory Auditors), the civil code and any provisions of the companies' bylaws, as well as any regulations on the absence of grounds for incompatibility (Article 36 of decree law 201/2011 converted with amendments by law no. 214/2011).

Taking into account the combined provisions of Article 10 (2) of Ministerial Decree 220/2011, of Article 36 (2a) of Decree Law 201/2011 and of Article 76 (2) of Legislative Decree the body responsible for assessing the requirements (professionalism, integrity and independence) is the Board of Directors.

The requirements are verified:

- at the time of the appointment;
- if there is a change to the declared situation;
- at least once per calendar year, for the integrity requirements, and the absence of incompatibility.

The fitness for office requirements for the position of manager of a key function (Risk Management, Compliance, Audit, Actuarial and AML) and, if they are outsourced, of the people responsible for auditing the outsourced activities, and the Chief Risk Officer and Chief Compliance Officer, if appointed, are:

- professionalism, which is defined as having:
  - performed control activities, even in a role other than that of Manager, for at least 5 years during the course of his or her career;
  - achieved an educational qualification in a relevant subject, or alternatively, having acquired at least 10 years' experience (in the years preceding the appointment) in the Controls area.

The Manager of Actuarial is an exception, as for this role, according to Article 30e of Legislative Decree 209/2005, the conditions are as follows:

- Inclusion on the professional register referred to in Law 194 of 9th February 1942, or knowledge of actuarial and financial mathematics that is adequate for the nature, scope and complexity of the risks pertaining to the company's business, and proven professional experience in the subjects that are relevant to this position;
- integrity, as defined in Articles 4, 5 and 7 of Ministerial Decree 220/2011 for individuals performing administration, management and control functions;
- independence:
    - For the managers of the key functions, this is defined as not holding positions in public, private, recognised or unrecognised, for profit or without profit companies or entities, and in not working for any third party except where expressly authorised in advance by the business unit responsible for personnel – the issue of approval will be subject to a specific enquiry;
    - For the managers responsible for auditing outsourced activities, this is defined as not performing operational duties within the company, or in the outsourcer's organisation.

The body responsible for assessing the requirements is the Board of Directors.
In the same way as for the requirements regarding the members of the Board of Directors, the Board of Statutory Auditors and the director-general, the requirements are verified, for the managers of key functions:

- at the time of the appointment;
- if there is a change to the declared situation;
- at least once per calendar year, for the integrity requirements, and the absence of incompatibility.

## B.2 Competence and integrity requirements – Intesa Sanpaolo Vita S.p.A.

See above.

## B.2 Competence and integrity requirements – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has implemented and adopted the Rules on the assessment of fitness for office requirements, for Intesa Sanpaolo Vita, as the parent company of the Insurance Group. Refer to the details of this paragraph, on the Insurance Group.

## B.2 Competence and integrity requirements – Fideuram Vita S.p.A.

Fideuram Vita has implemented and adopted the Rules on the assessment of fitness for office requirements, which are issued and reviewed at least once a year by Intesa Sanpaolo Vita, as the parent company of the Insurance Group.

Refer to the details of this paragraph, on the Insurance Group.

## B.2 Competence and integrity requirements – Intesa Sanpaolo Life D.A.C.

The Rules on the assessment of fitness for office requirements have been prepared in accordance with the Corporate Governance Code and with the same document as Intesa

Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors of Intesa Sanpaolo Life D.A.C.

These rules conform to the Fitness and Probity Standards of the Central Bank of Ireland (CBI). The policy is reviewed and approved by the Board of Directors at least once a year.

According to the Central Bank of Ireland, the specific competencies required for the key functions depend on the position, but traditionally they relate to some or all of the following areas:

- the insurance and financial market;
- business strategy and models;
- governance systems;
- actuarial and financial analysis;
- the regulatory framework and legal requirements.

The Central Bank of Ireland requires due diligence on all persons within the company who hold key positions, and reserves the power to check and approve their appointments.

Under Irish law, due diligence is intended to demonstrate that persons in key positions:

- are competent and capable;
- are honest and conduct themselves in an ethical, honourable way;
- are financially stable.

CBI has approved the appointments of all the managers of key functions.

For more information, see the paragraph on the Insurance Group.

# B.3 Risk Management System, including the internal assessment of risk and solvency

## Risk management process, and role of the risk management function - Intesa Sanpaolo Vita Insurance Group

The system of risk management and control for the whole of the Insurance Group conforms to the requirements of supervisory insurance regulations and is consistent with the corresponding regulations on the control system, of the parent company Intesa Sanpaolo, which define the reference principles and responsibilities of the corporate bodies, and those of the audit functions which help to ensure that the system of internal controls operates correctly. The process of managing the risks of the Intesa Sanpaolo Vita Group is governed in line with the self-assessment of risk profile and risk appetite (Risk Appetite Framework or RAF). The Level 1 documentation referred to above is complemented by the Operational Rules and Guidelines concerning the management of all the risks to which the Group is exposed.

Intesa Sanpaolo Life D.A.C. uses them as guidelines to define its own internal policy in this area, in accordance with the applicable regulations and reports to the Insurance Parent Company on any incompatibilities of the Rules with the applicable local regulations.

There are three main phases within the Group's risk management process:

1. Identification of risks (Risk Assessment);
2. Analysis and Management of the individual risks to which the Company and Group are exposed;
3. Assessment and Monitoring/Reporting.

The first phase enables Senior Management to have an immediate overview of the risks that can guide their decision-making processes and define their priorities, also in terms of strategic planning. There are 5 phases, which are carried out at least once a year (or when specific events occur):

- Stage 1 - Recognition: this comprises all the risk identification activities in the business areas, with the support of the risk owners;
- Stage 2 - Census: this comprises all the information gathering/census and risk update activities;
- Stage 3 - Assessment: this comprises all the activities required to process information/assess the exposure to risk;
- Stage 4 - Validation: this comprises the validation of the analysis;
- Stage 5 - Reporting: this comprises the internal reporting on the risk exposure.

Once the risks have been identified, the Insurance Group obtains documents for each specific risk to determine procedures for managing each one, together with the operational tolerance limits. There is also an assessment of hard to quantify risks that the Group considers to be significant, and possible mitigation actions may be proposed.

On conclusion of the risk assessment process, the Group manages each risk by following the conditions and tolerance limits stated in the Rules, which constitute the risk management framework.

The final phase involves monitoring and quantification of the risks.

The monitoring process includes a constant stress testing activity. The stress tests consist of a set of techniques shared used by the companies to:

- measure their vulnerability to extraordinary yet plausible events;
- allow Senior Management to understand the relationship between the risk assumed and its risk appetite, as well as the adequacy of the available capital.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned, also considering solvency at Group level.

In addition to this activity, there is a structured information gathering process, which is necessary to calculate the indicators and parameters defined for the size of the risk according to the Risk Appetite Framework, which is intended to control the Limits and Early Warnings.

The risk management process is an integral part of the organisation and decision making processes of the Insurance Group and of each company, as it is prepared in accordance with the internal risk assessment and solvency process, and with the Risk Appetite Framework.

With regard to the roles and responsibilities of the Risk Management function, see the contents of paragraph B.1 of this report.

## Risk management process, and role of the risk management function - Intesa Sanpaolo Vita S.p.A.

The risk management process for Intesa Sanpaolo Vita is conducted in accordance with the Group process (refer to the details of the paragraph, on the Insurance Group).

## Risk management process, and role of the risk management function - Intesa Sanpaolo Assicura S.p.A.

The risk management process for Intesa Sanpaolo Assicura is conducted in accordance with the Group process (refer to the details of the paragraph, on the Insurance Group).

## Risk management process, and role of the risk management function - Fideuram Vita S.p.A.

The risk management process for Fideuram Vita is conducted in accordance with the Group process (refer to the details of the paragraph, on the Insurance Group).

## Risk management process, and role of the risk management function - Intesa Sanpaolo Life D.A.C.

The risk management process for Intesa Sanpaolo Life D.A.C. is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Own risk and solvency assessment - Intesa Sanpaolo Vita Insurance Group

The new Solvency Regulations which entered into force on 1st January 2016 are based on three pillars. They require companies in the second pillar to perform a self-assessment of risks, both

current and forward-looking, in order to determine a governance system which allows the effective and efficient management and control of risks, by tasking the Supervisory Body with the assessment, through the Supervisory Review Process, of the reliability and consistency of the results and by adopting, where needed, the appropriate corrective measures. The main objective of ORSA is to ensure that the companies adopt processes to assess all the current and forward-looking risks of their business and determine the corresponding hedging capital in line with the strategic and Risk Appetite objectives.

The own risk and solvency assessment is carried out through the ORSA process, which has been adopted by the Insurance Group and is split into 2 preliminary transverse activities, and 5 separate, specific phases.

The preliminary activities are:

1. the parent company Intesa Sanpaolo Vita first defines all the standards to guide the Insurance Group in taking on risks and monitoring them in order to ensure an excellent service for customers and to create value for all stakeholders;
2. the methods used to measure risks are defined and proposed, along with the risk and capital measurement and control models and systems needed to address unexpected losses. The proposed methodologies are consistent and comply with the requirements of current supervisory regulations.

The detailed phases are as follows:

1. Identification and monitoring of risks: in order to evaluate the risk profile, the companies of the Intesa Sanpaolo Vita Group must identify all the risks to which the individual company and the entire Insurance Group is or may be exposed. This identification is aimed at:
   - building an effective risk management system to support the achievement of the company goals while protecting policy holders;
   - determining the risk capital both for regulatory and internal purposes and to assess capital adequacy;
   - performing the internal assessment of the risk profile with regard to that underlying the standard formula.
2. Self-assessment: the objective of this phase is to assess the regulatory capital requirement and the economic capital considering all the relevant risks to which Intesa Sanpaolo Vita and the Insurance Group companies are exposed, and taking into account the strategic and business objectives. Unlike the Pillar 1 requirements, the assessment includes also any material risks not considered in Pillar I and requests a forward-looking internal assessment of risk and solvency.
3. Capital adequacy assessment: the objective of this phase is to assess the capital adequacy in terms of own funds at individual and consolidated level compared to the level of risk assumed. The phase to determine the available own funds and to compare it with the economic capital is broken down in the following sub-phases:
   - determination of available own funds;
   - assessment of capital adequacy.
4. Preparation and approval of the ORSA Report: the parent company Intesa Sanpaolo Vita documents the findings of the ORSA process for all Group Insurance companies in a single report. The “Consolidated own risk and solvency assessment document” is a consolidated document (supervisory report on the internal risk and solvency assessment) covering the

internal risks and solvency assessment carried out at group level and at the level of some of the group subsidiaries on the same date and in the same reporting period;

5. Independent review of the ORSA process: the ORSA process is included in the audit and is periodically audited by Audit. The results of the audits are submitted to the Board of Directors within the framework of the periodic reporting by the function and are used by it for the process assessment and challenge activity.

In relation to the measurable risks, the Standard formula parameters proposed in the Solvency II regulations are currently considered to be adequate for this purpose, except for the operational risks. However, controls are in place for all risks.

In this regard, Intesa Sanpaolo Assicura has embarked on a programme that will lead to a request for the company to adopt specific volatility parameters for calculating the capital requirement, with particular reference to the pricing and reserving risk factors, for nonlife and health insurance. Using specific parameters will further strengthen the governance and control of the company's risk profile, concomitantly with the ambitious four-year growth plan.

The companies have also put in place controls to cover all business risks, including forward-looking, and with a view to safeguarding of assets.

The own risk assessment is prepared annually, and is examined and approved by the Board of Directors of the Insurance Parent Company.

The assessment of the capital requirement during the period of the analysis is measured considering the forward-looking exposure to a potentially broader risk perimeter than Pillar I, the stress tests and the impacts in terms of value and capital used in commercial strategies. Furthermore, the following is taken into account:

- any scheduled issue of capital;
- the maturity, including contractual maturity and any other earlier repayment or redemption opportunity, of the own-fund items;
- the effects that any issue, redemption or repayment or other measurement changes of an own-fund item can have under the applicable capital management system;
- the extent to which the company is based on own-fund items subject to provisional measures;
- application of the dividend distribution policy and how it affects own funds.

The multi-year capital management plan is defined in line with the strategic objectives of the Insurance Group and in coordination with the Strategic ALM and Capital Management Department, which liaises with the Capital & Liquidity Management and Recovery Plan Unit of the parent company Intesa Sanpaolo.

The capital requirement is assessed for the Insurance Group and on an individual basis, taking into account the risk tolerance thresholds identified in the RAF and the forward-looking risk and solvency assessment according to ORSA standards and strategic planning.

During the year the following are periodically monitored:

- the cohesion between the strategic plan, the performance of the business and the profitability of the Companies and at Insurance Group level;
- the cohesion of the assumptions underlying the capital management plan and the related actions, compared to the ordinary performance at Insurance Group level;

- the maintaining of management solvency levels and of the capital management plan based on the sensitivity and stress tests.

## Own risk and solvency assessment – Intesa Sanpaolo Vita S.p.A.

Refer to the details of the paragraph on the Insurance Group.

## Own risk and solvency assessment – Intesa Sanpaolo Assicura S.p.A.

The own risk management process for Intesa Sanpaolo Assicura is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Own risk and solvency assessment – Fideuram Vita S.p.A.

The own risk and solvency process for Fideuram Vita is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Own risk and solvency assessment – Intesa Sanpaolo Life D.A.C.

The own risk and solvency process for Intesa Sanpaolo Life D.A.C. is conducted in accordance with the Group process (refer to the details of the paragraph, on the Insurance Group). In addition to the Group-level reports, Intesa Sanpaolo Life D.A.C. also provides an annual company ORSA report. It is based on the report prepared by the Insurance Group, and provides further information about the specific risks of the Irish company as well as analysis as required by the local regulations and guidelines.

# B.4 Internal controls system

## Internal controls system - Intesa Sanpaolo Vita Insurance Group

The Internal Controls System of the Company and the Intesa Sanpaolo Vita Insurance Group involves all the company structures and every member of staff, each within his/her own field of competence and responsibility, in order to ensure constant and effective monitoring of risks.

Senior Management of Intesa Sanpaolo Vita, including the role of the Insurance Parent Company, ensures that staff are made aware of their own role and responsibilities so as to be effectively engaged in controls understood to be an integral part of their activity. For this purpose, it ensures the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels. It also verifies the exercise of the powers assigned to legal representatives in the course of major transactions in terms of dimensions and characteristics they conducted with the powers granted to them.
The Group's Internal Controls System is structured on multiple levels.

- **First Level of Controls** - these consist of the checks carried out both by those who perform a given activity and by those who are responsible for oversight, generally within the same organizational unit. These are the checks carried out by the production units themselves or embedded in the automated procedures or those carried out as part of the back-office activity. These are an essential part of the Internal Controls System and require the development and rooting of a "culture of control" which is the only one that can ensure the achievement of company goals. During the course of their daily operations, these units – in cooperation with the Level II functions and, where applicable, the Organisation function – must identify, measure, evaluate, monitor, control, mitigate and communicate the risks arising from ordinary business operations, in accordance with the risk management process. The organizational units must comply with the operational limits imposed upon them by the risk objectives and by the procedures for risk management governed in the relevant internal documentation. These controls must be provided for and described in the procedure and set out in the mapping of the processes.

- **Second Level of Controls** - monitoring of risks: these are specific activities entrusted to bodies other than the organisational units and are intended to assure, among other things:
  - correct implementation of the risk management process;
  - that the company's operations comply with regulations including self-governance rules, and to contribute to defining risk measurement methods, verifying compliance with the limits assigned to different organizational units and checking consistency of the activities with objectives and risk levels set by the competent company bodies. Specifically, this level includes controls on the risks identified in the risk map resulting from the Risk Assessment process (for example, risks accepted, credit risks, asset and investment risks, operational risks and reputational risks and compliance risks). This group of checks comprises activities carried out by functions such as: Risk Management, Actuarial function, AML and Compliance. The Actuarial function is tasked with the control and supervision of the calculations of the Solvency II technical provisions and assesses the activities carried out by the actuarial units. Specifically, the determination, control and validation of the measures subject to assessment are carried out by specific Organisational Units.

- **Third Level of Controls - internal audit** ("Audit"): checks on the complete, functional and adequate operation of the Internal Controls System (including the level I and level II controls). These activities are identified as controls aimed at identifying violations of procedures and regulations and at periodically assessing whether the organisational structure is complete, adequate and reliable. Some organisational units, as in the case of the Specialist Functions defined in the Integrated Internal Controls System Regulation of Intesa Sanpaolo, may identify, in the course of their activities, risks and/or shortcomings deemed to be significant for the solvency and/or reputation of the company and Insurance Group by carrying out specific control tasks. In order to set up an integrated and cohesive controls system, the organisational units carry out their functions considering not only the actual situation of the Parent Company, but also the Group's overall operating activity and the risks to which it is exposed.
  They monitor any risks identified in compliance with the rules approved by the administrative body on specific risks (e.g., underwriting and reserving, liquidity etc.). If critical aspects are identified, they are reported to the control functions and Senior Management according to the procedures and conditions for the preparation of systematic reports.

In addition to the Level 1, 2 and 3 controls mentioned above, in relation to the core business, the following activities are also the subject of specific risk observing:

- Networks monitoring;
- Planning and management control;
- Monitoring of Asset Liability Management (ALM);
- Administrative and financial governance:
- Monitoring of outsourced activities;
- Oversight of the Insurance Group;
- Handling of complaints;
- Controls on personal data protection;
- Controls on workplace safety;
- Review of adequacy of the organisational structure;
- Data quality;
- Technical and actuarial controls.

The Group encourages the presence of a favourable control environment, which is a set of behaviours and actions that testify to the importance attached to internal control by the company organisation - this is a prerequisite for its effectiveness and is based on:

- Integrity and ethical values;
- Control activity and segregation of tasks;
- Timely and reliable financial reporting to stakeholders and availability of all the information necessary to evaluate the trend in the company's business, as produced by the standard accounting and management processes and by the ancillary information systems that ensure compliance with data quality standards, which require accuracy, completeness, timeliness, cohesion, transparency and relevance.

This information is brought to the attention of the Board of Directors periodically, with varying levels of detail, in the form of financial and income schedules that summarise management performance.

All the information to be disclosed externally is assessed and authorised in advance by the Unit tasked with producing it. Specifically, financial information must be assessed by those in charge of drawing up accounting documents.
This system ensures the continuous integrity, completeness and correctness of the stored data and of the represented information also for the purpose of enabling a reconstruction of the activity, and the identification of the persons in charge, while ensuring that recorded information can be checked easily.

## Internal controls system – Intesa Sanpaolo Vita S.p.A.

Refer to the details of the paragraph on the Insurance Group.

## Internal controls system – Intesa Sanpaolo Assicura S.p.A.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Senior Management implements this correctly, assessing its adequacy and effective functioning, also ensuring that the main company risks are properly identified and managed.

The Senior Management of Intesa Sanpaolo Assicura guarantees that the personnel are made are aware of their roles and responsibilities. For this purpose, it ensures the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels.

The internal control system for Intesa Sanpaolo Assicura is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Internal Audit function – Fideuram Vita S.p.A.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Top Management implements this correctly, assessing its adequacy and effective functioning, also ensuring that the main company risks are properly identified and managed.

The Top Management of Fideuram Vita guarantees that the personnel are made are aware of their roles and responsibilities. For this purpose, it ensures the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels.

The internal control system for Fideuram Vita is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Internal audit function – Intesa Sanpaolo Life D.A.C.

The Board of Directors is responsible for the Internal Controls System and the company's risk management, and checks that Senior Management implements this correctly, assessing its adequacy and effective functioning, also ensuring that the main company risks are properly identified and managed.

The Senior Management of Intesa Sanpaolo Life D.A.C. guarantees that the personnel are made are aware of their roles and responsibilities. For this purpose, it ensures the formalisation and adequate distribution among staff of the power delegation system and of the procedures which govern the assignment of tasks, the operational processes and the reporting channels.

The internal control system for Intesa Sanpaolo Life D.A.C. is conducted in accordance with the Group process. Refer to the details of the paragraph, on the Insurance Group.

## Implementation of the AML & Compliance Function – Intesa Sanpaolo Vita Insurance Group

For details of the implementation of the compliance audit function, refer to the following paragraphs in relation to the individual Group companies.

At insurance Group level, the organisational model will vary depending on the company's organisational structure: in certain cases the ISV Compliance function will outsource its activities under specific contracts (i.e. Intesa Sanpaolo Assicura), in other cases there is a local Compliance function (i.e. Intesa Sanpaolo Life D.A.C. and Fideuram Vita).

The Compliance team of the Chief Compliance Officer of Intesa Sanpaolo Vita provides direction and coordination by maintaining direct relations with the Compliance functions of the subsidiaries and affiliates, and by issuing instructions to the Subsidiaries, also for the purposes of carrying out the instructions issued by the Regulator.

Each company in the Insurance Group implements the Guidelines and rules issued by the parent company in relation to Compliance, adapting them where necessary to the specific context and provisions of Local laws.

## Implementation of the AML & Compliance Function – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.

Intesa Sanpaolo Vita's compliance guidelines were adopted by the Board of Directors of the company. They identify not only the general principles that apply to the Insurance Group but also the roles, responsibilities, duties, operational processes, methods and reporting procedures regarding the management of compliance risk.

The Chief Compliance Officer, who is responsible for coordinating the AML and Compliance functions, reports directly to the Board of Directors, in the same way as the organisational model for the control functions of the parent company Intesa Sanpaolo S.p.A.

The CCO teams, and the Compliance function in particular, are responsible for carrying out a risk-based assessment of the adequacy of the procedures, processes, policies and internal organisation, in order to prevent compliance risks.

The methodology used to manage compliance risk, which is also defined at Insurance Group level, provides for the need to grade the duties of the compliance function in accordance with the regulations requiring specialised forms of control, based on the various regulatory areas involved in the company's business.

The Compliance function still has the ultimate responsibility for defining the methods used to assess compliance risk, to identify the right procedures to prevent and manage this risk, and to check that they are adequate.

For each regulatory area, the annual Compliance Risk Assessment (CRA) is prepared in order to measure the Compliance risk: the aggregate evaluation of the risks and controls leads to the

formation of a ranking of regulatory areas, which is used to define and prioritise the assessments.

With regard to the compliance risk, the Compliance function continuously identifies the regulations applicable to the company and assesses the adequacy of the controls on the Compliance risk (which are identified in the various regulatory areas within its remit), by planning activities in advance, and by performing specific activities in sensitive areas.

The Compliance function also proposes organisational and procedural proposals aimed at adapting the controls on the compliance risk, and continuously assesses the adequacy of procedures awaiting issue.

The Compliance unit also performs a clearing of policies before they are marketed, checking that the pre-contract and contractual documentation, commercial manuals and advertising material reflects the indications of the regulations.

The participation of the Compliance function in company projects is particularly important in terms of the prior management of compliance risk, and of providing special support and advice.

In terms of the reporting activity, the corporate bodies receive periodic reports on the adequacy of the compliance controls. The reports are prepared by the compliance unit and each year, they identify and assess the compliance risks and plan the management interventions. Every six months, they contain a description of the work carried out, any critical issues found, and the remedies identified.

The company bodies are also promptly informed of any compliance issues or violations considered to be particularly important.

## Implementation of the AML & Compliance Function – Intesa Sanpaolo Assicura S.p.A.

The Compliance function of Intesa Sanpaolo Vita performs Compliance activities for Intesa Sanpaolo Assicura, under an outsourcing contract.

During 2017, Intesa Sanpaolo Vita's compliance guidelines were adopted by the Board of Directors of Intesa Sanpaolo Assicura S.p.A., while Intesa Sanpaolo Assicura has drawn up its own set of guidelines which set out the general principles that apply to the Insurance Group and identify the roles, responsibilities, duties, operational processes, methods and reporting procedures regarding the management of compliance risk.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita.

## Implementation of the AML & Compliance Function – Fideuram Vita S.p.A.

Fideuram Vita recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.

The Compliance Guidelines of Fideuram Vita have been prepared in accordance with the guidelines of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors on 13th December 2017.

The purpose of the Guidelines is to provide a comprehensive reference model for the control of regulatory compliance, by outlining all the roles and responsibilities of the company departments involved in Compliance activities.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita as the compliance audit process of Fideuram Vita is implemented in the same way.

## Implementation of the AML & Compliance Function – Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life recognises the strategic importance of controlling the compliance risk, in the firm belief that respect for regulations and fair business dealings are fundamental parts of the insurance business.

The Compliance Guidelines of Intesa Sanpaolo Life D.A.C. have been prepared in accordance with the guidelines of Intesa Sanpaolo Vita, Parent Company of the Insurance Group. They were adopted by the Board of Directors.
The purpose of the Guidelines is to provide a comprehensive reference model for the control of regulatory compliance, by outlining all the roles and responsibilities of the company departments involved in Compliance activities.
For details of the roles, responsibilities and Compliance process, refer to the paragraph on Intesa Sanpaolo Vita, as the compliance process of Intesa Sanpaolo Life D.A.C. is implemented in the same way where possible and consistent with local regulation.

# B.5 Internal audit function

## B.5 Internal audit function – Intesa Sanpaolo Vita Insurance Group

Refer to the information given below in relation to Intesa Sanpaolo Vita, as the Parent Company's Audit Function operates for the whole of the Insurance Group under specific outsourcing agreements.

## B.5 Internal audit function – Intesa Sanpaolo Vita S.p.A.

The Company's internal audit function operates through a specific organisational unit that also operates for other companies belonging to the Insurance Group, both with regard to the role of Insurance Group Parent and, for the insurance companies, through outsourcing contracts, thus ensuring uniform intervention and creating synergies.

The mission assigned to the Audit Function is to ensure a constant, independent and impartial assessment of the adequacy and efficiency of the internal controls system, and make sure that it guarantees the effectiveness and efficiency of business processes, the protection of assets and of the Insurance Group and the reliability and integrity of financial and management information, while ensuring that all activities comply with current regulations, directives and company procedures.

The Audit function provides support and advice to other company functions, participating in projects to create added value, improve the effectiveness of the control processes and maintain their adequacy to the development of structures and internal processes. The function also supports the company governance and provides Senior Management, company bodies and institutions such as IVASS and the Bank of Italy with timely and systematic disclosures on the state of the controls system, the results of the activities and on the progress of corrective actions.
The Audit Function Manager produces an annual action plan for the Board of Directors.
The annual Plan takes into account the level of attention required by the various processes or business units depending on their risk profiles. The Head is responsible for allocating the corresponding level of attention to each process or entity based on elements that are as objective as possible. The planning is therefore based on the analysis and evaluation of the potential risks, which is based on risk assessment techniques and elaboration of indicators on the Company' is operations in order to identify any potentially irregular operations or situations, or by a comparative review of the information and findings noted by the business units.
The audit findings are presented in reports, produced according to a standard format to safeguard transparency and efficiency. The recipients of the report are the Organisational Units of the Company, specifically the audited units, and Senior Management.
The submission of the report is the start of a process that sheds light on the causes of any irregularities and identifies, schedules and implements corrective actions. For this purpose the head of the Audit function involves the management of the audited area at a specific exit meeting, together with the other business units involved in identifying and processing the corrective actions. At the end of the meeting a draft plan of corrective actions is formalised for submission to the Board of Directors, who will determine the measures to be taken. The actions are then used by the Audit function to update the audit report, the dashboard (which contains all the audit points detected during the audit activity, and the actions planned to remedy them), and for the follow-up actions.

Checks on the corrective actions proposed by the Audit Function are carried out quarterly. The follow-up activity consists of a written report containing a summary of the measures taken to eliminate areas of concern highlighted during the audit and to eliminate any unresolved findings. The report will identify the reasons for any delay in implementing corrective measures by the stated deadline.

With regard to the Audit department's reporting activity, the Head of Audit reports:

- quarterly to the Board of Directors on the results and recommendations of the audits carried out in the period;
- at least every six months to the Board of Statutory Auditors (to the Audit & Reporting Committee of Intesa Sanpaolo Life D.A.C. at least once a quarter), submitting the results of audits carried out during the period, any discrepancies, and the improvement actions adopted or to be adopted;
- reports every six months to the Board of Directors on the activity carried out in the period, providing written results of its audits, identifying discrepancies and highlighting the improvement actions adopted or to be adopted;
- urgently to the Board of Directors and Board of Statutory Auditors (the Audit & Reporting Committee for Intesa Sanpaolo Life D.A.C.) on particularly serious situations and any major violations or shortcomings;
- during periodic meetings, it reports to the 231 Supervisory Body, in the event of interventions concerning 231 risks;
- reports to IVASS, in the annual reports required by sector regulations;
- every year, it reports to the administrative body, Senior Management and the supervisory body with regard to the activities carried out on anti-money laundering and terrorist financing and the related results, without prejudice to the confidentiality of reports of suspicious transactions;
- the parent company Intesa Sanpaolo, by sending documents according to the procedures and timing set out in the operational guide;
- reports to the other control functions by sending extracts of reports on its audit activities, and a dashboard at least every six months;
- if there is a need to inform IVASS in response to tangible evidence of serious violations that could significantly prejudice the sound and prudent management of the Company, the Audit function will implement the provisions of internal procedures, informing the Chair of the Board of Directors and the Chair of the Board of Statutory Auditors.

Audit Function has links with all other control functions of the Company and of the Insurance Group entities; it will exchange information either through specific meetings and by sending documentation and reports, attending discussion groups with the supervisory functions, or by sitting on committees.
The Audit Function establishes an independent collaboration with the Board of Statutory Auditors (the Audit & Reporting Committee for Intesa Sanpaolo Life D.A.C.), aimed at ensuring complete and timely sending of the relevant information on the results of its work in order to guarantee continuous updating of the monitoring of the internal controls system.
Considering the responsibilities assigned to the 231 Supervisory Body by the Board of Directors and the professional nature of its activities, the Function is supported by the Audit Manager.
The function also maintains relations with the auditing firm and the managers of the open pension funds.

## B.5 Internal Audit function – Intesa Sanpaolo Assicura S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Assicura, under an outsourcing contract. The executive body of Intesa-Sanpaolo has decided to appoint the Chair of the Board of Statutory Auditors as Head of auditing of the outsourced services.

Refer to the information given in the paragraph on Intesa Sanpaolo Vita.

## B.5 Internal audit function – Fideuram Vita S.p.A.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Fideuram Vita, under an outsourcing contract. The executive body of Fideuram Vita has decided to appoint the Chair of the Board of Statutory Auditors as Head of auditing of the outsourced services.

Refer to the information given in the paragraph on Intesa Sanpaolo Vita.

## B.5 Internal Audit function – Intesa Sanpaolo Life D.A.C.

The Audit function of Intesa Sanpaolo Vita performs audit activities for Intesa Sanpaolo Life D.A.C., under a current outsourcing contract. The executive body of Intesa Sanpaolo Life D.A.C. has decided that the CEO will be the point of reference for the Head of Internal Audit with the Regulator (refer to the information given in the paragraph on Intesa Sanpaolo Vita, in accordance with the applicable regulations).

## Independence and objectivity – Intesa Sanpaolo Vita S.p.A.

The Audit function reports directly to the Board of Directors of the companies and is independent of the operational units. The Audit Policy describes how the Audit function of the company maintains the required level of independence.

The Audit function has the following characteristics:

- an organisational structure that guarantees its independence and autonomy so that its objective judgement is not compromised;
- free access to all company structures and to the documentation related to the audited business area, including information instrumental to the assessment of the adequacy of the controls on the outsourced company functions;
- organic links with all the centres in charge of internal control functions; enough human and technological resources to continuously carry out checks, analyses and other tasks necessary to fulfil its mandate.

The independent action of the Audit function is also ensured by the Head who:

- has specific expertise and professionalism and meets the eligibility requirements for the position to carry out the activity, as governed by the Rules adopted pursuant to article 5(2)(l) of ISVAP Regulation No. 20/2008;
- is appointed or revoked by the Board of Directors, having consulted the Board of Statutory Auditors, which sets the tasks, powers, responsibilities and reporting procedures to the Board;
- has no hierarchical and functional relations with the audited areas;
- Reports directly to the Board of Directors and to the Board of Statutory Auditors.

The Audit function is staffed by personnel with the necessary skills, abilities and knowledge to perform their duties competently and professionally.

## Independence and objectivity – Intesa Sanpaolo Assicura S.p.A.

The Company's audit activities have been outsourced to the Audit function of the Insurance Parent Company Intesa Sanpaolo Vita. Please refer to the paragraph on Intesa Sanpaolo Vita S.p.A..

## Independence and objectivity – Fideuram Vita S.p.A.

The Company's audit activities have been outsourced to the Audit function of the Insurance Parent Company Intesa Sanpaolo Vita. Please refer to the paragraph on Intesa Sanpaolo Vita S.p.A.

## Independence and objectivity – Intesa Sanpaolo Life D.A.C.

The Company's audit activities have been outsourced to the Audit function of the Insurance Parent Company Intesa Sanpaolo Vita. Please refer to the paragraph on Intesa Sanpaolo Vita S.p.A..

# B.6 Actuarial function

## B.6 Actuarial function - Intesa Sanpaolo Vita Insurance Group

The activities of the Actuarial function are carried out in accordance with the provisions of Article 272 of Delegated Regulation (EU) 2015/3 and Article 48 of the Solvency II Directive (2009/138/EC).
Apart from performing its duties for the company, the Actuarial function of Intesa Sanpaolo Vita has introduced a series of controls, in its capacity as the Actuarial function of the parent company of the Intesa Sanpaolo Vita Insurance Group.
The Group Companies must send the Actuarial function of the Parent Company all the information needed for the relevant control activity.
In performing its tasks of coordination and guidance, the Actuarial function of Intesa Sanpaolo Vita verifies the contents of the documents prepared by the Actuarial functions of each company and the completeness of the audits carried out with reference to the following areas:

- Solvency II Technical Provisions;
- Underwriting policies and reinsurance agreements;
- Contribution to the risk management system and to the internal risk and solvency assessment.

## B.6 Actuarial function – Intesa Sanpaolo Vita S.p.A.

The Actuarial function of ISPV is located in the area that reports directly to the Board of Directors to ensure its independence in control activities.

In particular, the Head of the Actuarial function:

- is responsible for the fulfilment of the function's duties;
- must meet the requirements of competence, integrity and experience (in the same way as the other members of the key functions);
- with regard to Solvency II, the Head of the Actuarial function reports at least once a year to the Board of Directors, expressing an opinion on the adequacy of the technical provisions, the underwriting and reserving policy, and the reinsurance agreements. Specifically, the opinion on the technical provisions included in the Solvency Report will consist of an analysis of their adequacy and reliability both in terms of process and numerical results. This opinion can be accompanied, if necessary, by a series of recommendations and indications relating to potential improvement areas;
- liaises with the other control functions, organisational units and committees by exchanging information with the respective heads and contact persons as provided for by the relevant internal regulations.

The Head of the Actuarial function is provided free access to the information needed to carry out his/her responsibilities to the extent allowed by law.
The company's Actuarial function also performs a series of duties as part of the audits on the sufficiency of the Local technical provisions, as provided for in IVASS Provision no. 53/2016. In particular, the head of the Actuarial function prepares and signs the technical report on the provisions of the direct Italian portfolio which the Company intends to include in the Report. In the report, the Actuarial function describes in detail the procedures and assessments carried out with reference to the basic techniques used to calculate the technical provisions. It specifically highlights any implicit valuations and the reasons for them, confirms the accuracy of the

procedures, reports on the audits of the procedures used to calculate the provisions and for the correct recording of the portfolio, and gives an opinion on the sufficiency of all the technical provisions.

## B.6 Actuarial function – Intesa Sanpaolo Assicura

The ISV Actuarial function, in addition to carrying out its tasks for the Company, also covers a similar role for the parent company Intesa Sanpaolo Assicura under a specific outsourcing agreement.

Refer to the information given in relation to roles and responsibilities in the paragraph on Intesa Sanpaolo Vita.
However, with reference to Intesa Sanpaolo Assicura, the Head of Actuarial carries out the work for Intesa Sanpaolo Vita, and together with the ISA legal representative also signs the annual report on CARD claims under the terms of IVASS provision no. 43/2016.

## B.6 Actuarial function – Fideuram Vita S.p.A.

With effect from 1st January 2017, the Actuarial function will be placed in the area that reports directly to the Board of Directors to ensure its independence in control activities.

The roles and responsibilities are in line with the structure in force at the Parent Company. Refer to the information given in the paragraph on Intesa Sanpaolo Vita.

## B.6 Actuarial function – Intesa Sanpaolo Life D.A.C.

The role of the Actuarial Function has been outsourced to the international actuarial and strategic consulting firm, Milliman. The head of the Actuarial function also reports directly to the Board of Directors in this case. Based on the company's outsourcing regulations, a Manager has been appointed, to supervise the outsourced activities. This role is covered by the *Chief Executive Officer* (CEO).

The roles and responsibilities are in line with the structure in force at the Parent Company, and correspond to the specific requirements of the Local Regulator. Refer to the information given in the paragraph on Intesa Sanpaolo Vita.

# B.7 Outsourcing

## B.7 Outsourcing – Intesa Sanpaolo Vita Insurance Group

Activities may be outsourced for cost saving reasons (operations that, if carried out internally would require investments and fixed costs but if outsourced they can generate economies of scale); use of best-practice specialised firms in a specific area (e.g. financial management); concentrating efforts on the core business and using external providers for non-core activities such as postal services.

Intesa Sanpaolo Vita has adopted the Group Rules on outsourcing. These define the principles of the process of decision-making, the responsibilities, duties and audits required for the outsourcing of activities within the Intesa Sanpaolo Vita Group and the Intesa Sanpaolo Group and towards third parties, and provide greater oversight of the risks resulting from the decision to outsource.
The Guidelines:

- establish that the Insurance Group Companies may, if appropriate, outsource some of the activities or processes within their production cycle based on the need to achieve economies of scale and of purpose;
- regulate the criteria for identifying which services should be outsourced, based on the possibility of obtaining intragroup or external suppliers (in reference to the ISP Group) based on the guidelines of the Regulator and of the Parent Company;
- regulate the criteria for choosing service providers based on ethical, documentary and technical criteria, and their financial status.

## B.7 Outsourcing – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; this decision is prevalent but is not exclusive (horizontal outsourcing of transverse services) nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.
All the outsourced services, and relations with outsourcers themselves are governed by service agreements, which define the object and terms of the services, the rights, obligations, responsibilities, penalties, duration of the agreements, renewal, termination conditions and any reciprocal commitments related to termination, the Service Level Agreement, the parameters used to monitor service levels, and the process used to determine payment.
The outsourcing guidelines regulate the audits and evaluations that the business units receiving the outsourced services must perform, and define the reports that need to be produced for Senior Management, the Board of Directors and the Regulator, as well as any reports to the 231 Supervisory Body.

## B.7 Outsourcing – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura has adopted the Group outsourcing guidelines, and mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; the decision to opt for the horizontal outsourcing of transverse services is prevalent but is not

exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

## B.7 Outsourcing – Fideuram Vita S.p.A.

Fideuram Vita has adopted the Group outsourcing guidelines, and mainly uses Intesa Sanpaolo Group companies for the outsourcing of essential services in particular; the decision to opt for the horizontal outsourcing of transverse services is prevalent but is not exclusive, nor obligated. Services are outsourced as the business areas become more complex to manage and demand greater focus on business continuity, service quality, the containment and integrated management of costs, as well as certified professional ability and financial status of the supplier.

## B.7 Outsourcing – Intesa Sanpaolo Life D.A.C.

In 2012, Intesa Sanpaolo Life D.A.C. adopted the *Outsourcing Risk Policy* which defines the governance, due diligence, approval and monitoring processes followed by the company in accordance with the requirements of the Central Bank of Ireland and the European regulations (Solvency II).
Intesa Sanpaolo Life D.A.C. has also implemented the Group's outsourcing guidelines.
*Organizational Development* and *PM Office* are responsible for updating the policy at least once a year, as required by the Policy itself.
The Policy defines the roles and responsibilities within the company, detailing the internal processes for selecting suppliers, preparing contracts and monitoring supplier performance in accordance with the contract and internal regulations.
The Policy contains the requirements to be considered by the Company before entering into a new outsourcing agreement:

- Defining the process and reporting obligations to the Central Bank of Ireland, for 'critical' outsourcers;
- Defining the standards and fitness and probity requirements to which attention must be paid;
- Listing the criteria to be considered during the selection process.

## B.8 Adequacy of the governance system

The Board of Directors is regularly updated on the work done by the control functions to evaluate the internal control and risk management system, in the periodic reports submitted by these functions. The report submitted in 2017 did not highlight any points requiring attention in the internal control and risk management system that would affect the proper functioning of the company or of the Group.

## B.9 Other information

With regard to the IVASS inspection carried out at Intesa Sanpaolo Vita in November 2016, relating to the best estimates of technical provisions, the assumptions used to calculate this item, the Solvency Capital Requirement (SCR) and the asset liability management of with-profits policies, IVASS decided that there were no conditions for the levying of a fine and ordered the archiving of the disciplinary procedure started by the IVASS notice no. 85055/17 of 28th April 2017.
On 6th February 2017, IVASS launched an inspection of Intesa Sanpaolo Vita, in relation to the "prevention of money laundering and combating the financing of terrorism".
The results of this inspection were presented to the Board of Directors of the Company on 23rd November 2017.

The Company has formulated a plan in order to resolve the findings raised by the authority. It should be noted that there were no serious, repeated, systematic or re-occurring violations.

Finally, on 14th September 2017, the regulator Covip launched an investigation at Intesa Sanpaolo Vita, in relation to personal pension plans (PIP) managed by the company (Il mio futuro, Progetto Pensione and Vita & Previdenza Sanpaolo Più).
The investigative phase ended on 2nd March 2018, with a letter confirming receipt of documentation.
The company is awaiting feedback on the results of this investigation.

## B.10 Other information – Intesa Sanpaolo Life D.A.C.

On the 23rd November 2017, Intesa Sanpaolo Life dac was sanctioned by the Central Bank of Ireland for four breaches of the Criminal Justice (Money Laundering & Terrorist Financing) Act, 2010. The findings, related to deficiencies in policies and procedures and were notified by the Company to the Central Bank in June 2014 and have now been addressed and remediated.

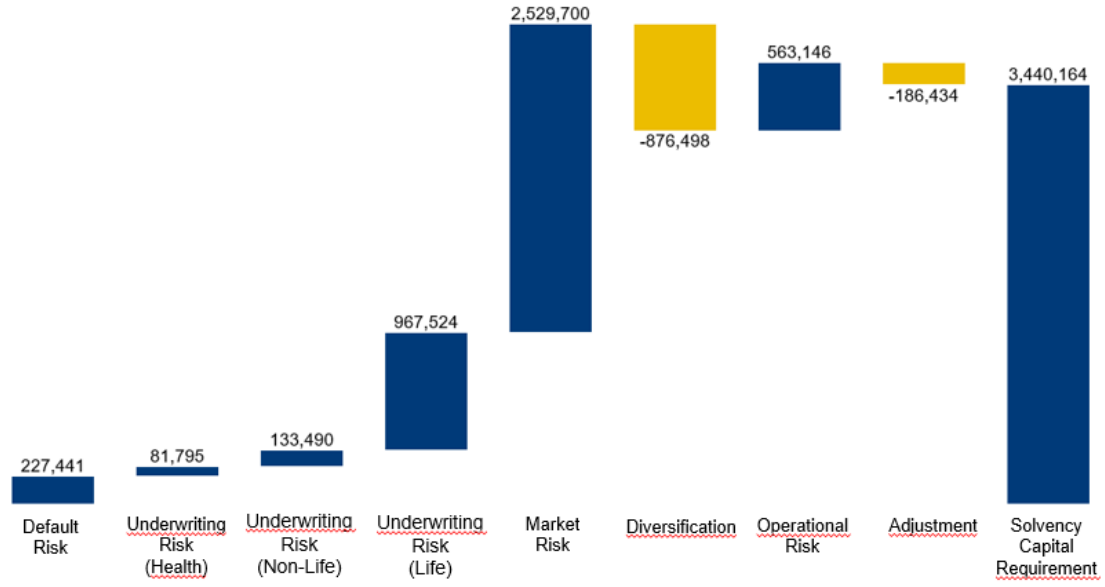
# C. Risk profile

The composition of the Group's capital requirement is given below, divided by types of risk.

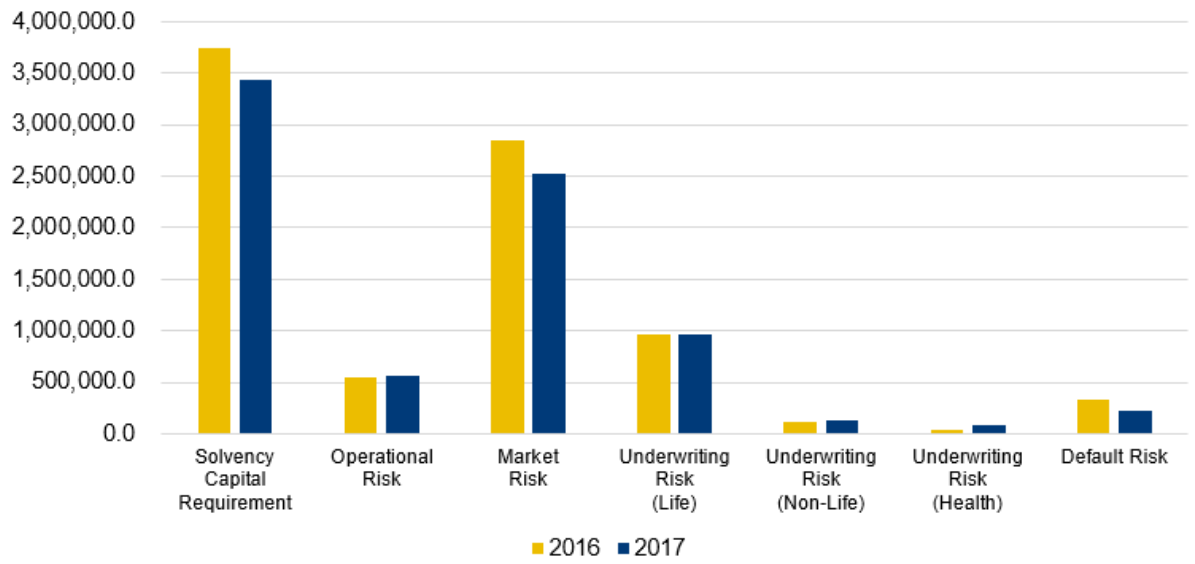
*(euro thousands)*

| Module | 2017 | 2016 | Delta | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **3,440,164.4** | **3,746,843.0** | **-306,678.6** | **-8.2%** |
| Deferred Tax Adjustment | -186,433.6 | -172,528.1 | -13,905.5 | 8.1% |
| Solvency Capital Requirement before Adjustment | 3,626,598.1 | 3,919,371.1 | -292,773.0 | -7.5% |
| **Operational Risk** | **563,146.4** | **540,543.1** | **22,603.3** | **4.2%** |
| **Basic Solvency Capital Requirement** | **3,063,451.6** | **3,378,828.0** | **-315,376.4** | **-9.3%** |
| Diversification | -876,497.6 | -911,462.4 | 34,964.8 | -3.8% |
| **Market Risk** | **2,529,699.8** | **2,843,065.3** | **-313,365.5** | **-11.0%** |
| Interest Rate Risk | 393,132.0 | 615,529.2 | -222,397.3 | -36.1% |
| Equity Risk | 944,680.7 | 974,112.7 | -29,432.0 | -3.0% |
| Property Risk | 44,517.6 | 27,509.0 | 17,008.6 | 61.8% |
| Spread Risk | 1,205,958.8 | 1,392,563.1 | -186,604.3 | -13.4% |
| Concentration Risk | 183,124.7 | 249,482.3 | -66,357.6 | -26.6% |
| Currency Risk | 614,922.9 | 563,703.3 | 51,219.6 | 9.1% |
| Diversification | -856,636.9 | -979,834.3 | 123,197.4 | -12.6% |
| **Underwriting Risk (Life)** | **967,523.9** | **963,315.6** | **4,208.4** | **0.4%** |
| Mortality Risk | 118,576.0 | 113,126.1 | 5,449.9 | 4.8% |
| Longevity Risk | 116,063.2 | 130,021.7 | -13,958.5 | -10.7% |
| Disability Risk | - | - | - | - |
| Expenses Risk | 187,444.4 | 174,581.5 | 12,862.9 | 7.4% |
| Revision Risk | - | - | - | - |
| Lapse Risk | 790,942.4 | 793,643.4 | -2,701.0 | -0.3% |
| Cat Risk | 63,082.8 | 56,750.4 | 6,332.4 | 11.2% |
| Diversification | -308,584.9 | -304,807.5 | -3,777.4 | 1.2% |
| **Underwriting Risk (Non-Life)** | **133,489.8** | **107,812.3** | **25,677.5** | **23.8%** |
| Premium & reserve Risk | 116,757.9 | 93,920.0 | 22,837.9 | 24.3% |
| Lapse Risk | 24,609.7 | 17,959.7 | 6,650.1 | 37.0% |
| Cat Risk | 37,395.0 | 31,577.0 | 5,818.0 | 18.4% |
| Diversification | -45,272.9 | -35,644.4 | -9,628.5 | 27.0% |
| **Underwriting Risk (Health)** | **81,795.0** | **43,823.8** | **37,971.2** | **86.6%** |
| Cat Risk | 5,980.7 | 3,727.2 | 2,253.5 | 60.5% |
| *Mass Accident Risk* | *413.8* | *405.8* | *8.0* | *2.0%* |
| *Concentration Risk* | *407.4* | *406.0* | *1.4* | *0.3%* |
| *Pandemic Risk* | *5,952.5* | *3,682.7* | *2,269.7* | *61.6%* |
| *Diversification* | *-792.9* | *-767.4* | *-25.6* | *3.3%* |
| Non- SLT Risk | 80,094.6 | 42,743.2 | 37,351.4 | 87.4% |
| *Reserve Risk* | *79,548.3* | *42,318.2* | *37,230.1* | *88.0%* |
| *Lapse Risk* | *9,339.1* | *6,012.9* | *3,326.1* | *55.3%* |
| *Diversification* | *-8,792.7* | *-5,587.9* | *-3,204.9* | *57.4%* |
| Diversification | -4,280.3 | -2,646.5 | -1,633.7 | 61.7% |
| **Default Risk** | **227,440.6** | **332,273.4** | **-104,832.8** | **-31.6%** |

**Composition of Solvency Capital Requirement (thousands of euro)**




**Comparison of Solvency Capital Requirement (thousands of euro)**




The table and graph show a reduction of 8%, or 306 million euro, in the Solvency Capital Requirement compared to the valuation of 31st December 2016. The main changes relate to the Markets risk and the Non-life and Health underwriting risks. A reduction can be noted in the Market risk, mainly due to the reduction in provisions for LoB I policies and the reduction in the average guaranteed minimums of the revalued portfolio. In relation to the non-life and health underwriting risks, the change is due to the increased volumes of premiums issued, and future premiums.

# C.1 Underwriting risk

## C.1.1 Exposures and their measurement

## C.1.1 Exposures and their measurement – Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group defines the underwriting risk as the risk of loss or adverse change to the value of the insurance liabilities due to inadequate price setting assumptions (price setting risk), or the assumptions used in establishing the technical provisions.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31st December 2017 the value of the technical risks of the Life business, according to the Standard Formula, was 967.5 million euro. The main risks of this type to which the Group is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and demographic risks. With regard to the absorption of capital by the technical risks of the Non-life business amounts to 133.5 million euro while Health technical risks amounts to 82 million euro. The main risks of this type to which the Group is exposed are the underwriting risks.

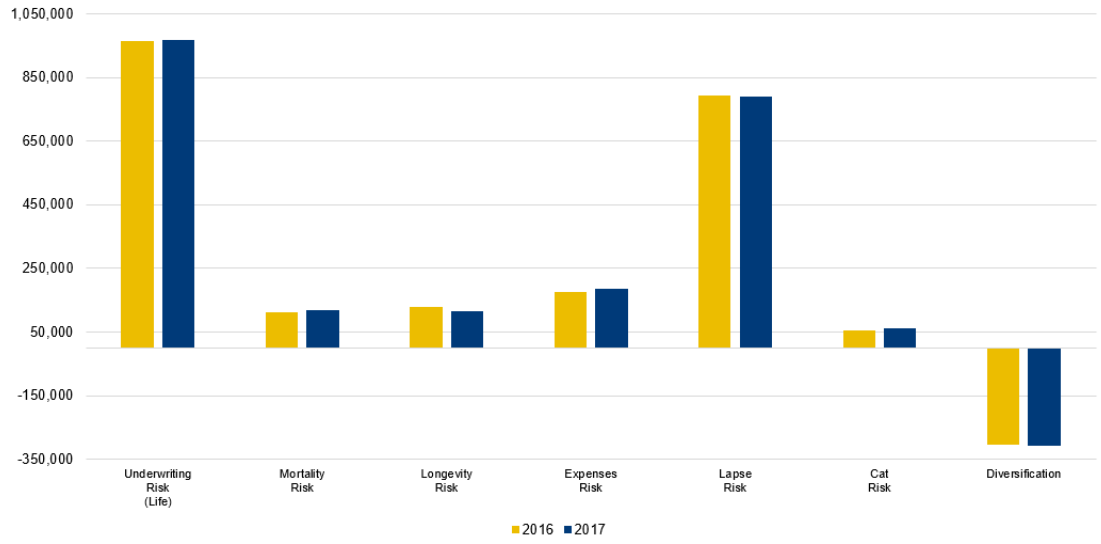
The tables below show a breakdown of the submodules of the Group's technical risks:

*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk (Life)** | **967,523.9** | **963,315.6** |
| Mortality Risk | 118,576.0 | 113,126.1 |
| Longevity Risk | 116,063.2 | 130,021.7 |
| Disability Risk | - | - |
| Expenses Risk | 187,444.4 | 174,581.5 |
| Revision Risk | - | - |
| Lapse Risk | 790,942.4 | 793,643.4 |
| Cat Risk | 63,082.8 | 56,750.4 |
| Diversification | -308,584.9 | -304,807.5 |

Compared to the previous assessment of 31st December 2016, the underwriting risk (Life) has increased by 0.4%, to a total of 4 million euro. Below is a histogram summarising the changes between the two valuations.

**Underwriting risk - Life (thousands of euro)**

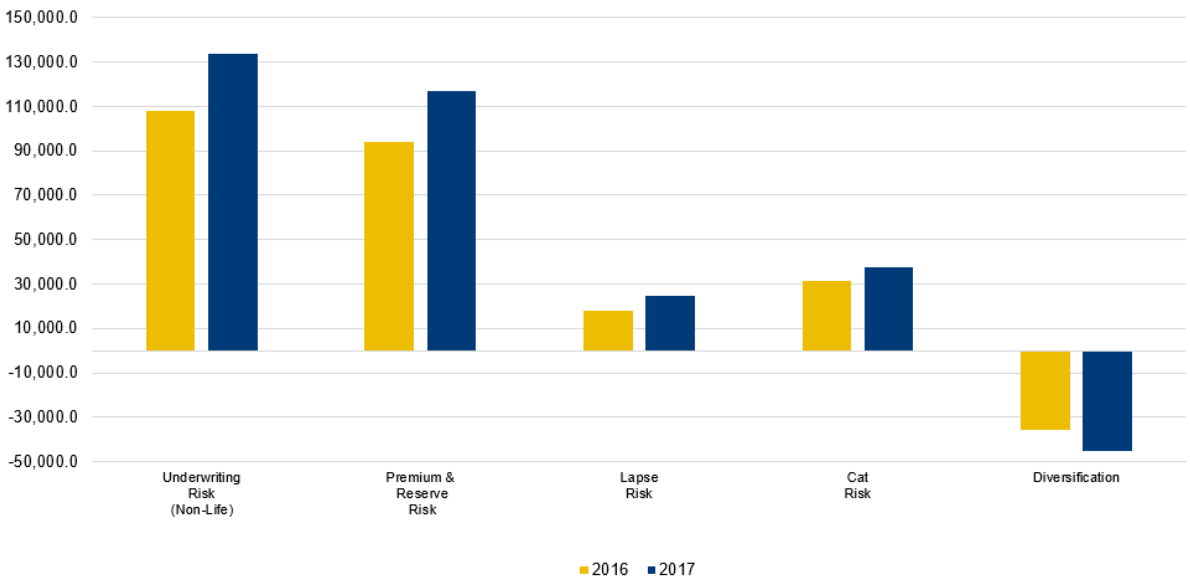



*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk (Non-Life)** | **133,489.8** | **107,812.3** |
| Premium & reserve Risk | 116,757.9 | 93,920.0 |
| Lapse Risk | 24,609.7 | 17,959.7 |
| Cat Risk | 37,395.0 | 31,577.0 |
| Diversification | -45,272.9 | -35,644.4 |

Compared to the previous assessment of 31st December 2016, the underwriting risk (Non-life) has increased by 24%, to a total of 26 million euro. The increase in the SCR for the Underwriting risk is mainly due to the increased volumes of issues and future premiums. Below is a histogram summarising the changes between the two valuations.

**Underwriting risk - Non-life (thousands of euro)**

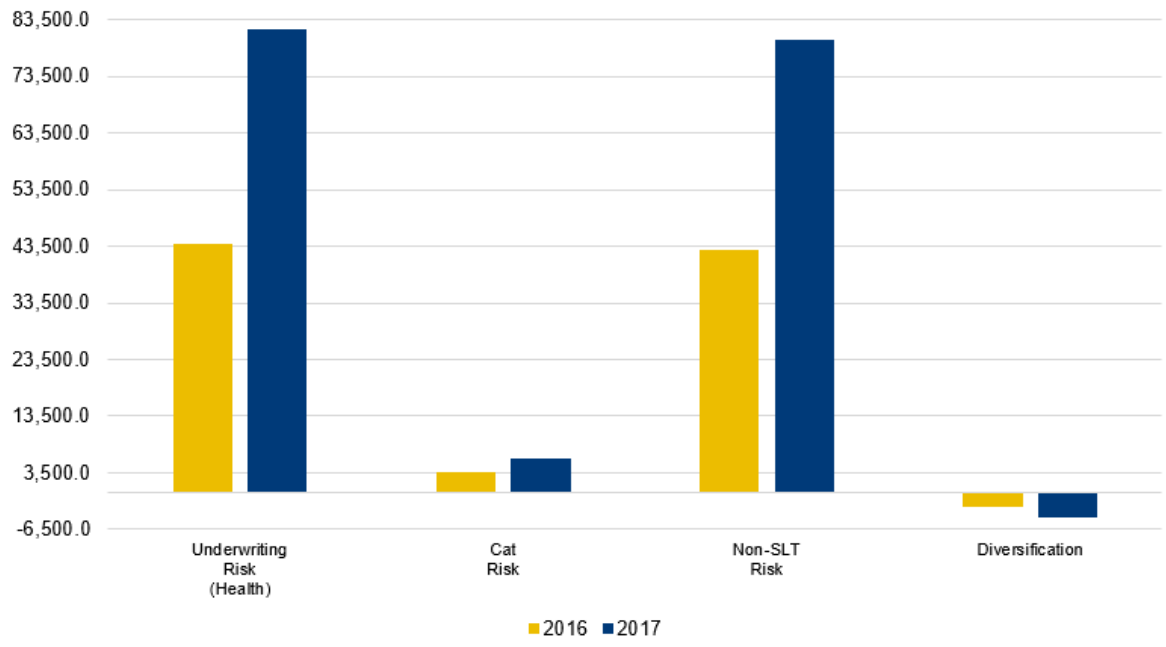


*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk (Health)** | **81,795.0** | **43,823.8** |
| Cat Risk | 5,980.7 | 3,727.2 |
| *Mass Accident Risk* | *413.8* | *405.8* |
| *Concentration Risk* | *407.4* | *406.0* |
| *Pandemic Risk* | *5,952.5* | *3,682.7* |
| *Diversification* | *-792.9* | *-767.0* |
| Non- SLT Risk | 80,094.6 | 42,743.2 |
| *Reserve Risk* | *79,548.3* | *42,318.2* |
| *Lapse Risk* | *9,339.1* | *6,012.9* |
| *Diversification* | *-8,792.7* | *-5,588.0* |
| Diversification | -4,280.3 | -2,646.5 |

The acronym SLT stands for *Similar to Life Techniques*" and therefore "Non-SLT" indicates any policies that are similar to non-life policies. Compared to the previous assessment of 31st December 2016, the underwriting risk (Health) has increased by 87%, to a total of 38 million euro. The increase in the SCR for the Underwriting risk is mainly due to the increased volumes of issues and future premiums. Below is a histogram summarising the changes between the two valuations.

**Underwriting risk - Health (thousands of euro)**




The diversification effect for Life underwriting risks is 32% of the underwriting risk, for the Non-life underwriting risks it is 34% while for the Health underwriting risks it is 5%.

With regard to measurement methods, specific monitoring processes are put in place within the Group's risk management framework, which incorporates a regular stress test activity for Underwriting risks.

The stress tests consist of a set of techniques used by the Group to:

- measure their vulnerability to extraordinary yet plausible events;
- allow Senior Management to understand the relationship between the risk assumed and its risk appetite, as well as the adequacy of the available capital.

The stress testing activity identifies the collective shock of the selected risks and the related calculation of loss. The Risk Management function of the Insurance Group Parent and the Risk Management functions of the subsidiaries assess the impact on the capital availability of each insurance company of the Insurance Group and the Group as a whole and the related impact in terms of the regulatory and economic capital requirement.

Should the results of the stress tests show that there is potential non-compliance with the minimum regulatory requirements and/or that the controls for each risk are inadequate, the Risk Committee will suggest improvements in order to consolidate the capital stability to the Board of Directors of the company concerned.

Depending on the nature, scope and complexity of the risks of the company's business, the Brick companies define investment policies for the entire portfolio, based on the principle of a reasonable person, as already described in paragraph B.3 "System of risk management, including the internal assessment of risk and solvency".

Below are the figures for the Group companies' exposures to Technical risks, in terms of use of capital. The figures are also compared against those for 31st December 2016.

## C.1.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

On 31st December 2017 the value of the technical risks of the Life business, according to the Standard Formula, was 599 million euro. The main risks of this type to which the Group is exposed are those related to policyholder behaviour (redemption risk), followed by the costs risk, and demographic risks.

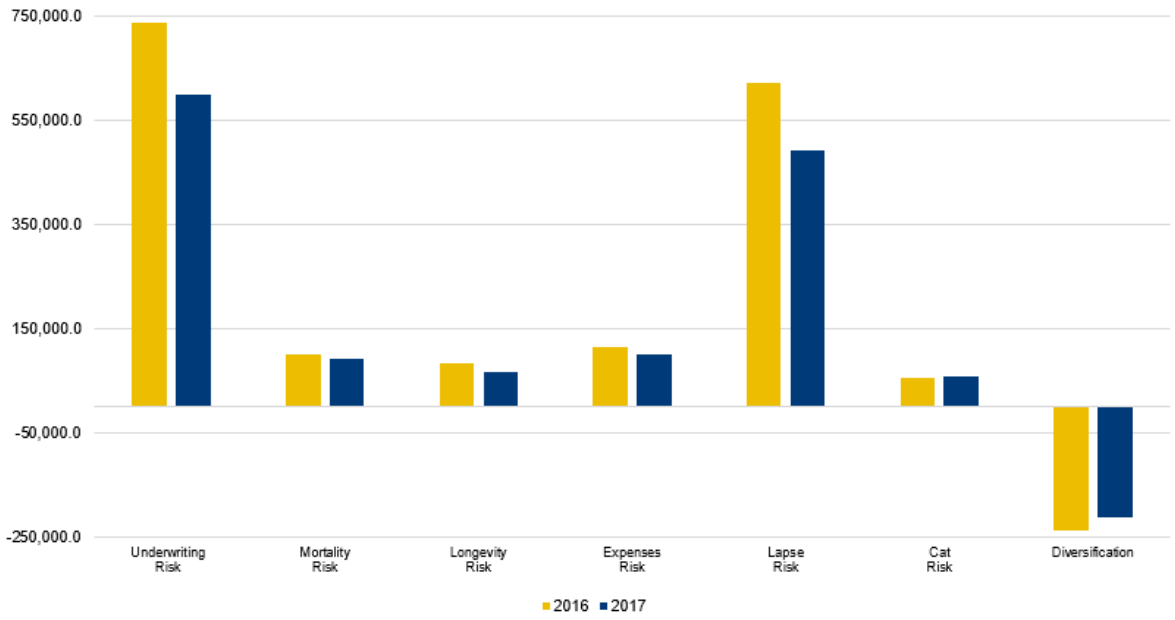
*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk** | **598,720.8** | **736,637.4** |
| Mortality Risk | 92,691.1 | 101,060.3 |
| Longevity Risk | 67,791.0 | 84,520.5 |
| Expenses Risk | 100,207.5 | 113,165.8 |
| Lapse Risk | 490,708.0 | 619,947.3 |
| Cat Risk | 59,199.4 | 54,213.6 |
| Diversification | -211,876.2 | -236,270.0 |

The diversification effect among the various submodules is 35% of the underwriting risk, higher than the 32% for 2016.

Compared to the previous assessment of 31st December 2016, the underwriting risk has fallen by 19%, to a total of 138 million euro. The main difference compared to the previous valuation is due to the reduction in the redemption risk (-129 million). Below is a histogram summarising the changes between the two valuations.

**Underwriting risk (thousands of euro)**



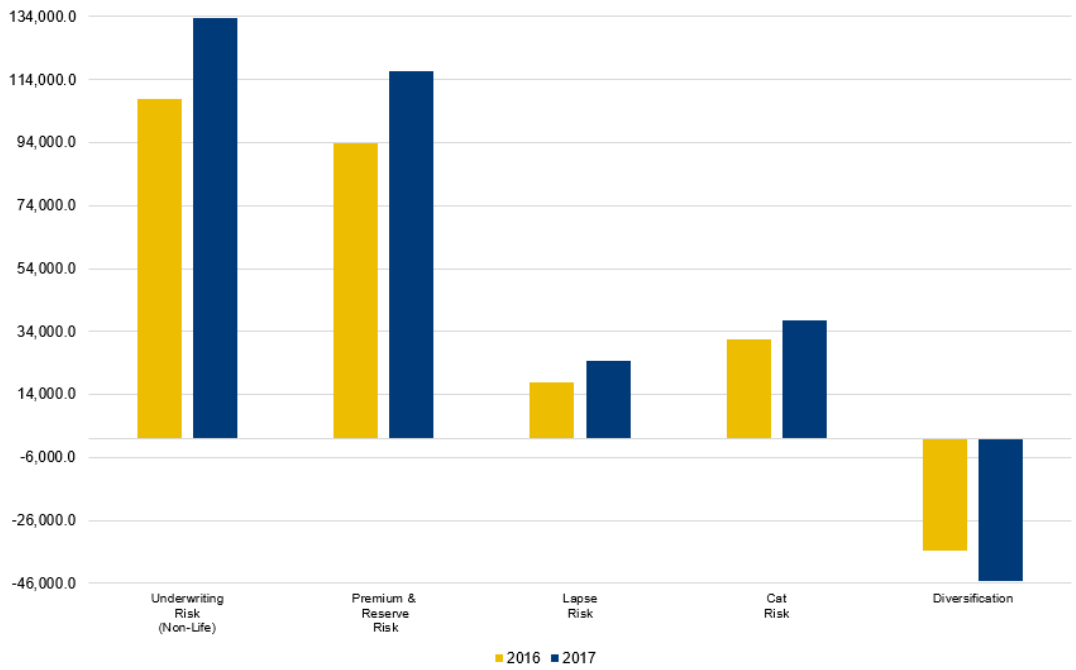

## C.1.1 Exposures and their measurement – Intesa Sanpaolo Assicura S.p.A.

On 31st December 2017, the standard valuation of the technical risks of the Non-life business amounts to 133 million euro while Health technical risks amount to 82 million euro. The main risks of this type to which the Company is exposed, are the pricing and reserving risks.

*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk (Non- Life)** | **133,489.8** | **107,812.3** |
| Premium & Reserve Risk | 116,757.9 | 93,920.0 |
| Lapse Risk | 24,609.7 | 17,959.7 |
| Cat Risk | 37,395.0 | 31,577.0 |
| Diversification | -45,272.9 | -35,644.4 |

**Underwriting risk - Non-life (thousands of euro)**



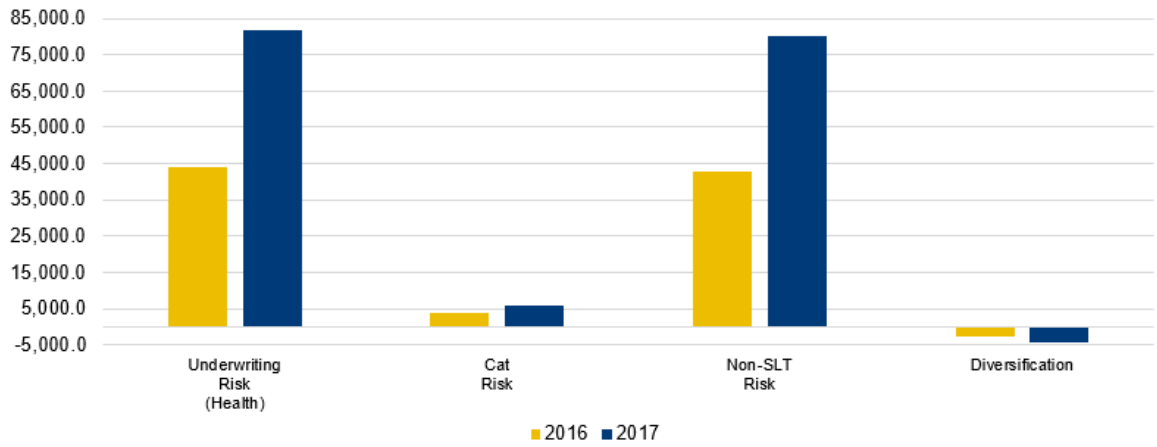

Meanwhile in the Health business, the company is exposed to the following risks:

*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk (Health)** | **81,795.0** | **43,823.8** |
| Cat Risk | 5,980.7 | 3,727.2 |
| *Mass Accident Risk* | *413.8* | *405.8* |
| *Concentration Risk* | *407.4* | *406.0* |
| *Pandemic risk* | *5,952.5* | *3,682.7* |
| *Diversification* | *-792.9* | *-767.4* |
| Non-SLT Risk | 80,094.6 | 42,743.2 |
| *Lapse Risk* | *79,548.3* | *42,318.2* |
| *Lapse Risk* | *9,339.1* | *6,012.9* |
| *Diversification* | *-8,792.7* | *-5,587.9* |
| Diversification | -4,280.3 | -2,646.5 |

The diversification effect is 34% for the Non-life business and 5% for the Health business. Compared to the previous assessment of 31st December 2016, the underwriting risk (Non-life) has risen by 24%, by 25 million euro. The main difference compared to the previous valuation is due to the increase in the pricing and reserving risk (+23 million of euro). Below is a histogram summarising the changes between the two valuations.

**Underwriting risk - Health (thousands of euro)**




## C.1.1 Exposures and their measurement – Fideuram Vita S.p.A.

On 31st December 2017 the value of the technical risks, according to the Standard Formula, was 198 million euro. The main risks of this type to which the company is exposed are those related to policyholder behaviour (redemption risk), followed by the expenses risk, and longevity risks.

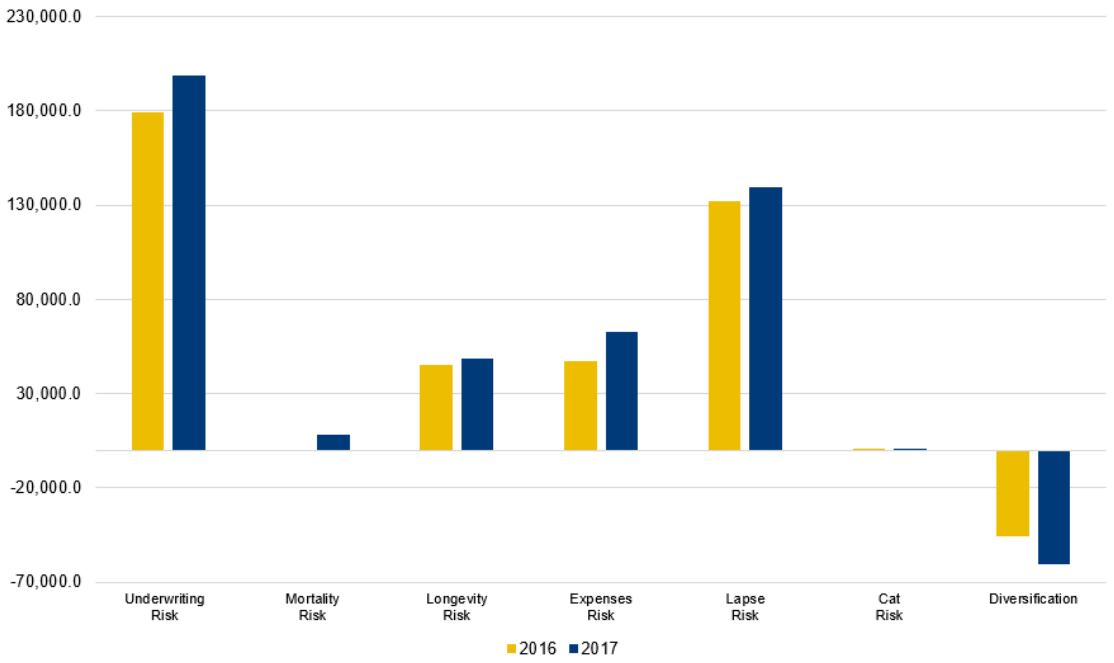
The table below shows the percentage of the submodules on the total underwriting risk:

*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk** | **198,839.0** | **179,529.0** |
| Mortality Risk | 8,192.0 | - |
| Longevity Risk | 48,272.0 | 45,501.0 |
| Disability Risk | - | - |
| Expenses Risk | 62,749.0 | 47,345.0 |
| Revision Risk | - | - |
| Lapse Risk | 139,386.0 | 132,403.0 |
| Cat Risk | 844.0 | 332.0 |
| Diversification | -60,604.0 | -46,053.0 |

The diversification effect among the various submodules is 30% of the underwriting risk, higher than the 26% for 2016.
Compared to the previous assessment of 31st December 2016, the underwriting risk has risen by 11%, by 19 million euro. The main difference compared to the previous valuation is due in particular to the increase in the expense risk (+15 million euro), and these differences are the result of methodological changes in calculating the SCR. Below is a histogram summarising the changes between the two valuations.

**Underwriting risk (thousands of euro)**




## C.1.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

On 31st December 2017 the value of the technical risks, according to the Standard Formula, was 286 million euro. The main risks of this type to which the company is exposed are those related to a mass lapse event, followed by the expenses risk, and mortality risks.

The table below shows the percentage of the submodules on the total underwriting risk:

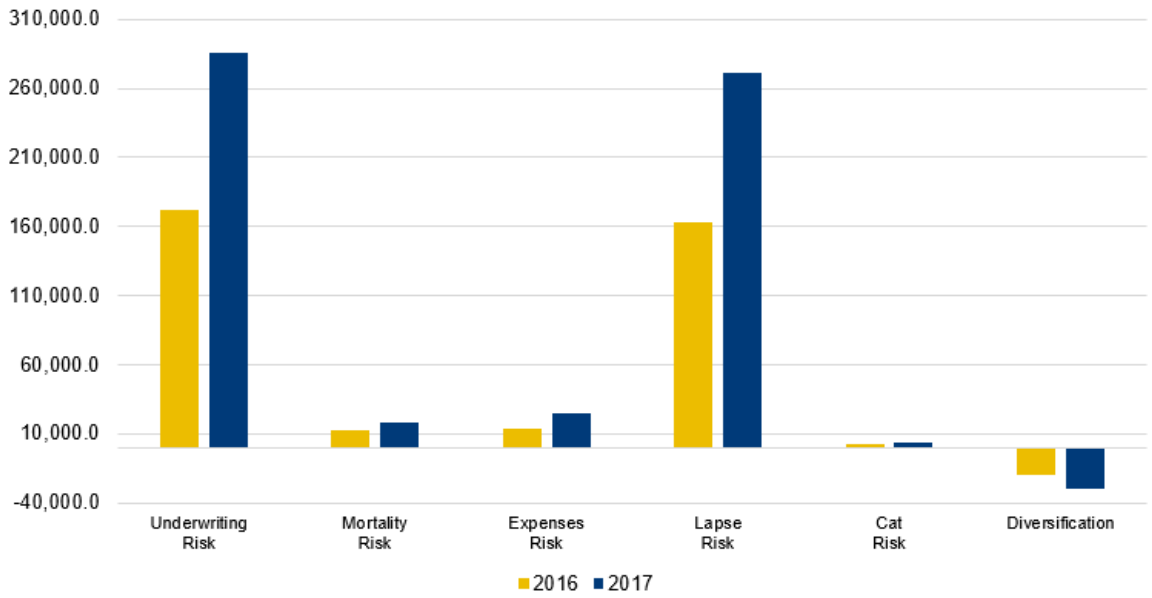
*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Underwriting Risk** | **285,871.1** | **172,058.9** |
| Mortality Risk | 17,692.7 | 12,065.9 |
| Longevity Risk | - | - |
| Disability Risk | - | - |
| Expenses Risk | 24,487.6 | 14,070.5 |
| Revision Risk | - | - |
| Lapse Risk | 271,054.1 | 163,292.9 |
| Cat Risk | 3,039.0 | 2,204.4 |
| Diversification | -30,402.3 | -19,574.7 |

The diversification effect among the various submodules is 11% of the underwriting risk, as in 2016.

Compared to the previous assessment of 31st December 2016, the underwriting risk has risen by 66%, by 113 million euro. The main difference compared to the previous valuation is due to the increase in the Expenses, Lapse and Mortality risks, caused by the increase in the volumes of issues and future premiums. Below is a histogram summarising the changes between the two valuations.

**Underwriting risk (thousands of euro)**




## C.1.2 Concentration of risks

## C.1.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group has a risks concentration policy that defines the concentrations considered to be significant, together with the calculation methods in order to mitigate the risk that they could have negative effects on the solvency and financial situation of the Insurance Group.

The objective of this is to define a risk concentration policy that would be consistent with the risks management strategy and policy and with the investment policies.

The risk concentrations are identified by assessing the impact they could have on the company's financial situation and solvency as a result of adverse scenarios for the main risk factors whether they be financial or technical.

The criteria used to identify them are based, in accordance with IVASS Regulation No. 30/2016, on the percentage they have compared to the total group technical provisions, or compared to the group technical requirements depending on their nature.

For the Underwriting risk, the Group has set the concentration threshold for the capital requirement associated with the Natural Disaster risk at 5%, Underwriting risk taking into account the standard operations and limits on operativity as provided for in the Framework Decision on Investments. This has been calculated as the ratio between the capital requirements for the company's catastrophe module, and the Group Solvency Capital Requirement.

With reference to the valuation date 31st December 2017, there were no significant concentrations.

## C.1.3 Risk mitigation techniques

## C.1.3 Risk mitigation techniques – Intesa Sanpaolo Vita S.p.A.

On the valuation date, the company did not consider underwriting risk mitigation techniques in the calculation of the solvency requirements under the Solvency II regulations. Passive reinsurance is residual, and there are no collateral guarantees.

The risk containment strategies designed to reduce the volatility of income statement results and the resulting technical balance of the portfolio.

With regard to the Life business lines, the objective is to protect the portfolio through reinsurance agreements to mitigate the peak exposures and protect against catastrophe risks that may involve multiple parties in a single event.

At the time of its formation, Intesa Sanpaolo Vita received fully paid-up share capital that is sufficient to cover the normal risks of its underwriting without any need for substantial recourse to proportional reinsurance agreements.

The responsibility for reinsurance strategies lies with the Financial Reporting area of ISV, while the annual reinsurance plan must be shared with Risk Management and the Actuarial function.

As of 31st December 2017, the company made no use of optional reinsurance.

## C.1.3 Risk mitigation techniques – Intesa Sanpaolo Assicura S.p.A.

On the valuation date, the company used passive reinsurance as a way to mitigate the underwriting risk.
At the time of its formation, Intesa Sanpaolo Assicura received fully paid-up share capital that is sufficient to cover the normal risks of its underwriting without any need for substantial recourse to proportional reinsurance agreements.
The risk containment strategy aims to reduce the volatility of the income statement results and the ensuing technical balance of the portfolio based on the impact on the solvency margin of the various lines of business provided for by the regulations.
Under the Solvency II regulations, Intesa Sanpaolo Assicura considers the effect of reinsurance in reference to the calculation of premium risk, reserve risk, lapse risk, cat risk and the best estimate liabilities. Subject to considerations on materiality of the re-insured items, all these components are calculated both gross and net of reinsurance, in order to value the use of reinsurance as a strategic resource to limit the capital requirement.
The responsibility for reinsurance strategies lies with the Financial Reporting area of ISV, while the annual reinsurance plan must be shared with Risk Management and the Actuarial function.
As of 31st December 2017, the company made no use of optional reinsurance.

## C.1.3 Risk mitigation techniques – Fideuram Vita S.p.A.

On the valuation date, the company did not consider underwriting risk mitigation techniques in the calculation of the solvency requirements under the Solvency II regulations. Passive reinsurance is residual, and there are no collateral guarantees.

The company has utilised proportional arrangements to limit the portfolio exposure relating to the Death and Accident risk, for the surplus. A claim excess agreement has also been made to protect against catastrophe risk, for the retained part of the portfolio. Recourse to optional

reinsurance is limited to cases in which the risk does not apply to the existing reinsurance arrangements. During the year, no need to enter into any new arrangement was identified.

### C.1.3 Risk mitigation techniques – Intesa Sanpaolo Life D.A.C.

The company uses smart product design as the main form of mitigation. This includes setting different levels of cover according to age band, and the inclusion of redemption penalties in the first few years of the policy term. The company also carefully analyses lapse history and mortality rates in order to formulate the assumptions to maximise the mitigation of underwriting risk.

### C.1.4 Sensitivity analysis

### C.1.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios. As part of the self-assessment, the Intesa Sanpaolo Vita Insurance Group carries out stress tests combining market and underwriting risks, which represent the collective impact on corporate solvency and stability, in a reasonably more realistic way. For example, a stressor of the underwriting risk will rarely happen separately from a stressor of financial risks.
A stress test was conducted on the findings for 31st December 2017, which presents the main factors of market and technical risk for the Group.

The stress test covered:

- Variable financial shocks:
    - Increase in spread of government bond issuers, non core Euro area (rating < A);
    - Increase in spread of corporate bond issuers, Euro area (rating < AA);
    - Equity market shocks.

- Technical variable shocks for the Life companies:
    - Increase in redemptions, assuming a mass exit from Unit Linked policies on the valuation date.

- Technical variable shocks for the Non-life companies:
    - increase in technical provisions, assuming an increase in the level of claims in policies in the following segments: *Income Protection, Motor Vehicle Liability, Fire and Other Damage to Property and Miscellaneous Financial Loss.* This level of claims has been quantified on the basis of the volatility of claims in each “stressed” segment.

The stress tests were done in accordance with the IVASS Letter to the Market of 12th January 2018.

In addition to the above, additional sensitivities were investigated for Intesa Sanpaolo Life, by carrying out a series of joint and stand-alone stress tests on the company’s main risks, which are not already included in the scenarios mentioned in this document.
The stress testing analysis that was conducted, it is characterized by occurrence in the same time of a series of worst case scenarios. The analysis has shown an adequate solvency even in the worst scenarios.

# C.2 Market risk

## C.2.1 Exposures and their measurement

## C.2.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Group defines market risk as the risk of a loss or adverse change in the financial situation deriving directly or indirectly from fluctuations in the level and volatility of the market prices of the assets, liabilities and financial instruments.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31st December 2017, the market risks represented about 74% of the Group's Solvency Capital Requirement. The tables below show a breakdown of the submodules of the Group's Market risks:

*(euro thousands)*

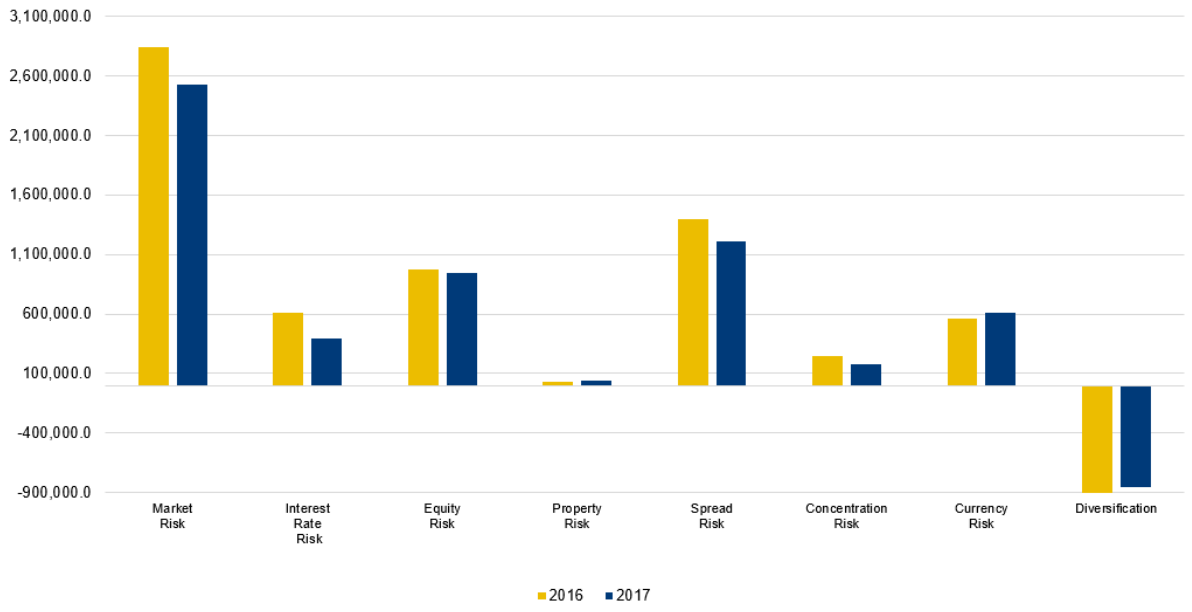
| Module | 2017 | 2016 |
|---|---|---|
| **Market Risk** | **2,529,699.8** | **2,843,065.3** |
| Interest Rate Risk | 393,132.0 | 615,529.2 |
| Equity Risk | 944,680.7 | 974,112.7 |
| Property Risk | 44,517.6 | 27,509.0 |
| Spread Risk | 1,205,958.8 | 1,392,563.1 |
| Concentration Risk | 183,124.7 | 249,482.3 |
| Currency Risk | 614,922.9 | 563,703.3 |
| Diversification | -856,636.9 | -979,834.3 |

On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 2.529 million euro. The main risks of this type, to which the Group is exposed, are the spread and equity price risks.

Compared to the previous assessment of 31st December 2016, the market risk has fallen by 11%, to a total of 313 million euro. As mentioned at the beginning of section C, this changes mainly due to the reduction in provisions for LoB I policies and the reduction in the average guaranteed minimums of the revalued portfolio.

Below is a histogram summarising the changes between the two valuations.

**Market risk (thousands of euro)**




The diversification effect among the various submodules is 34% of the market risk, as in 2016.

With regard to measurement methods, specific monitoring processes are put in place within the Group's risk management framework. Further details in this regard can be found in paragraph C.1.1 “Underwriting risk - Exposures and their measurement”.

The principle of sound, prudent management also translates into a series of limits and conditions relating to the permitted transactions on the portfolio securities, taking into account the market context, with particular regard to:

- Quantitative limits for the assets and for the exposures, to guarantee the level of portfolio security, quality, liquidity, profitability and availability;
- Quantitative limits for the assets covering the technical provisions, separately for the Life and Non-life segments;
- Limits on the cover provided, and the other assets guaranteeing the assets;
- Concentration limits, per issuer or per group;
- Limits on investments in complex assets;
- Limits on categories of low-liquidity assets or those for which no reliable, independent valuation is available;
- Limits on investments in securitisations;
- Limits on investments in equities tied to controlling interests or considerable influences.

The use of derivatives must be consistent with the principles of sound and prudent management, with a view to mitigating risks. It must take place in alignment with the Company’s financial situation and operating performance, and strictly adhere to the provisions of IVASS Regulation No. 24/2016.

The investment policy defines the composition of the medium-to-long-term investment portfolio, indicating the security, quality, liquidity, profitability and availability level for the entire asset portfolio.

Below are the figures for the Group companies' exposures to Market risks, in terms of use of capital. The figures are also compared against those for 31st December 2016.

## C.2.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita has a significant exposure to Market risk.

On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 2.3 billion euro. The main risks of this type to which the Group is exposed, are the spread and equity price risks.

The main risks of this type to which the Group is exposed, are the spread and equity price risks.

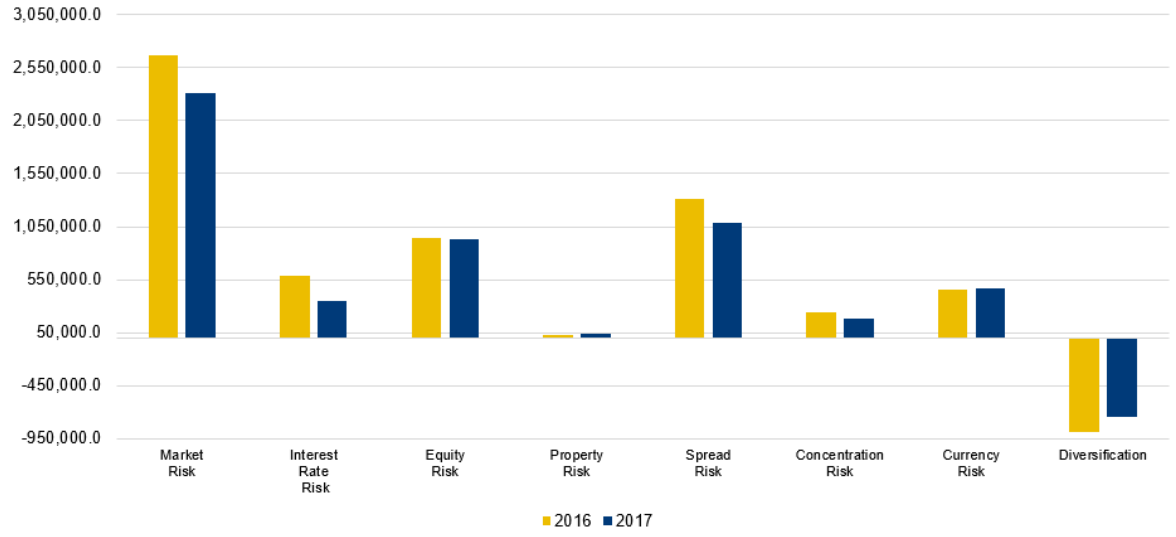
*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Market Risk** | **2,308,356.7** | **2,667,036.2** |
| Interest Rate Risk | 348,809.3 | 586,107.6 |
| Equity Risk | 935,463.2 | 945,619.3 |
| Property Risk | 42,250.1 | 24,636.0 |
| Spread Risk | 1,084,257.8 | 1,306,821.8 |
| Concentration Risk | 179,529.2 | 246,282.9 |
| Currency Risk | 464,828.7 | 451,807.1 |
| Diversification | -746,781.6 | -894,238.5 |

The diversification effect among the various submodules is 32% of the market risk, lower than the 34% for 2016.

Compared to the previous assessment of 31st December 2016, the market risk has fallen by 13%, to a total of 359 million euro. The reduction is mainly due to the reduction in the interest rate and spread risks, which changed by 237 and 223 million euro, respectively. Below is a histogram summarising the changes between the two valuations.

**Market risk (thousands of euro)**




## C.2.1 Exposures and their measurement – Intesa Sanpaolo Assicura S.p.A.

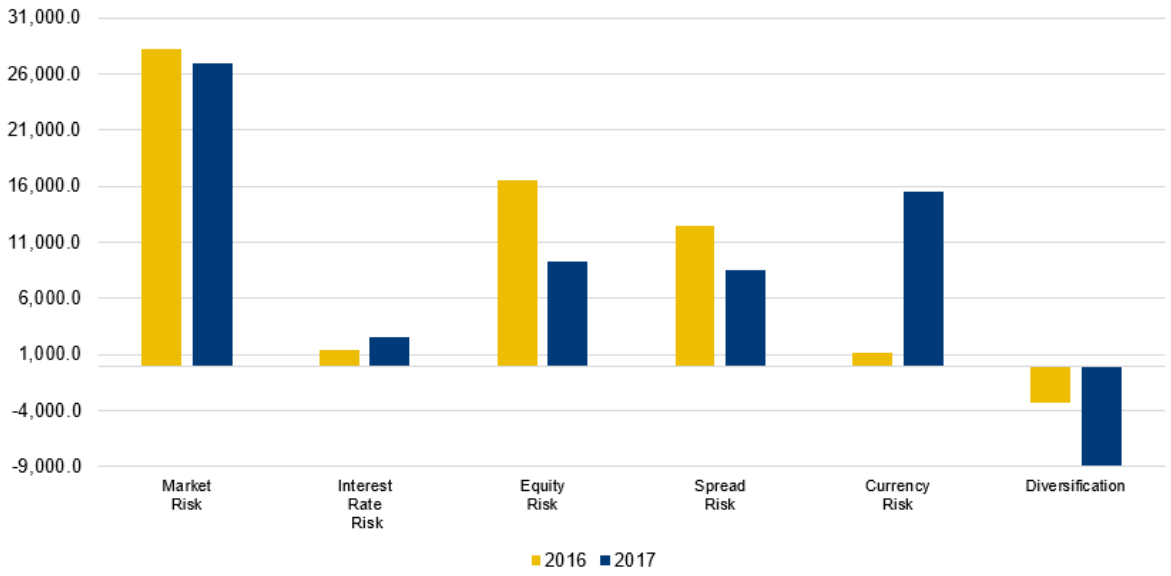
On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 27 million euro. The main risks of this type to which the Company is exposed, are the currency risk followed by equity price and spread risk.

*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Market Risk** | **26,972.2** | **28,167.6** |
| Interest Rate Risk | 2,592.2 | 1,393.6 |
| Equity Risk | 9,265.5 | 16,467.6 |
| Property Risk | - | - |
| Spread Risk | 8,489.1 | 12,414.3 |
| Concentration Risk | - | - |
| Currency Risk | 15,522.3 | 1,181.1 |
| Diversification | -8,897.0 | -3,289.0 |

The diversification effect among the various submodules is 33% of the market risk, higher than the 12% for 2016.
The capital absorbed by the Market risks has fallen compared to 31st December 2016 by 4% overall. The bar chart shows the changes compared to the previous year.

**Market risk (thousands of euro)**




## C.2.1 Exposures and their measurement – Fideuram Vita S.p.A.

On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 263 million euro. The main risks of this type to which the Company is exposed, are the equity price risk followed by currency risk and spread risk.

The table below shows the percentage of the sub modules on the total underwriting risk pre-diversification.

*(euro thousands)*

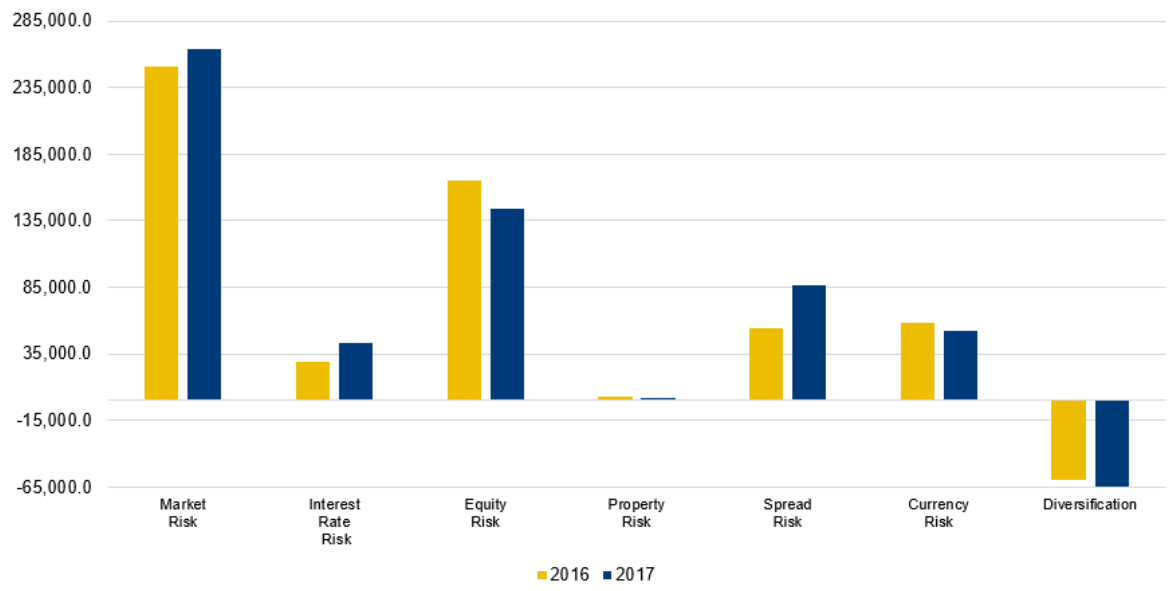
| Module | 2017 | 2016 |
|---|---|---|
| **Market Risk** | **263,966.0** | **250,411.0** |
| Interest Rate Risk | 43,762.0 | 29,191.7 |
| Equity Risk | 143,742.0 | 165,201.5 |
| Property Risk | 2,268.0 | 2,873.0 |
| Spread Risk | 86,895.0 | 54,245.9 |
| Concentration Risk | - | - |
| Currency Risk | 52,140.0 | 58,633.0 |
| Diversification | -64,841.0 | -59,734.0 |

The diversification effect among the various submodules is 25% of the market risk, higher than the 24% for 2016.

In terms of the composition of Market risks, there was a considerable reduction in the percentage of share price risk (approximately -10%), and thus a corresponding increase in the importance of the other financial risk types, mainly the spread risk (+ 11%), apart from the currency risk. This was mainly due to an increase in the coverage of the UCITS funds in the look-through class C portfolio, thus a more specific identification of the risk factors on the one hand, as well as the higher percentage of associated currency risk hedging on the other.

The capital absorbed by market risks has increased compared to 31st December 2016, by 5% overall. The bar chart shows the changes compared to the previous year.

**Market risk (thousands of euro)**




## C.2.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 208 million euro. The main risks of this type to which the Company is exposed, are the equity and currency risks.

The table below shows the amount of each element of market risk, and the diversification effect:

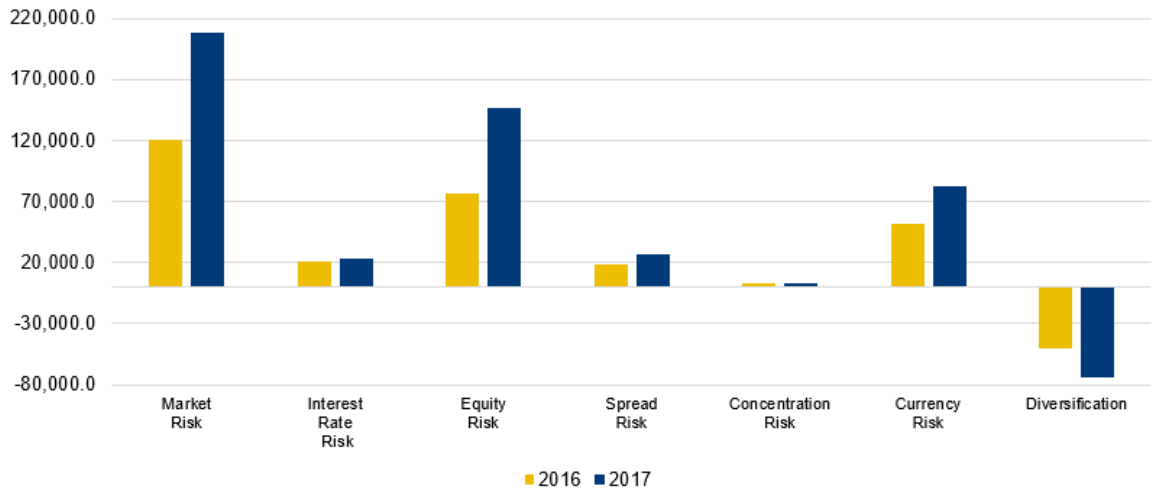
*(euro thousands)*

| Module | 2017 | 2016 |
|---|---|---|
| **Market Risk** | **207,947.9** | **120,382.8** |
| Interest Rate Risk | 23,100.3 | 20,613.4 |
| Equity Risk | 146,199.5 | 76,074.5 |
| Property Risk | - | - |
| Spread Risk | 26,317.2 | 19,085.6 |
| Concentration Risk | 3,595.5 | 3,199.4 |
| Currency Risk | 82,431.8 | 52,081.9 |
| Diversification | -73,696.4 | -50,672.1 |

The diversification effect among the various submodules is 35% of the market risk, lower than the 42% for 2016.

The capital absorbed by market risks has increased compared to 31st December 2016, by 73% overall. The bar chart shows the changes compared to the previous year.

**Market risk (thousands of euro)**




## C.2.2 Concentration of risks

## C.2.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group as already described in paragraph C.1.2 “Concentration of risks” has a risks concentration policy that defines the significant concentrations and the related calculation methods.

The Group has defined various concentration thresholds in relation to Market risk, taking into account the normal, standard operations and limitations imposed by the Framework Decision on Investments.

The Group only has significant concentrations for the currency risk.

The concentration for the currency risk is calculated as the ratio between capital requirements for each non-euro currency and the capital requirement of the Insurance Group.

For each currency other than the euro, the capital requirement is calculated (asset side only) for that currency, associated with the Currency risk submodule. That value is compared to the capital requirements of the Insurance Group, calculated for the last annual report.

## C.2.3 Risk mitigation techniques

## C.2.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The risk containment strategy aims to reduce the volatility of the income statement results and the ensuing technical balance of the portfolio based on the impact on the solvency margin of the various lines of business provided by the regulations.

In order to mitigate the financial risks to which it is exposed, the company uses financial derivatives that differ depending on the objective.

Below is a list of the main financial risks that can be mitigated by using derivatives:

- Rate risk;
- Spread risk;
- Equity risk;
- Currency risk;

Although no specific hedging strategies have yet been implemented within the current model, when planning its activities the Companies intend to use risk mitigation techniques (including derivatives) whenever the market conditions deviate significantly from the average long-term levels, or ahead of particular phases in which there is likely to be an increase in volatility, or simply when there are latent gains or losses to be safeguarded, or managed in a more flexible, efficient manner.

In such situations, apart from the potential increase in distortion effects, due to the presence of cover included in the policies and behavioural dynamics on the part of the policyholders, additional adverse economic impacts can occur due to forced losses, heightened by weak liquidity in the reference markets and/or lower ability to liquidate the portfolio assets.

## C.2.4 Sensitivity analysis

## C.2.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

For the market risk, a current stress test was carried out on 31st December 2017 with a prospective stress test for the planning period.

The following stress test was performed for Intesa Sanpaolo Vita and Intesa Sanpaolo Assicura.

As part of the self-assessment, stress tests are carried out by combining the underwriting and market risks in a way that presents the solvency and stability impacts in a collective and reasonably realistic way.

The results of the stress tests are contained in paragraph C.1.4.

# C.3 Credit risk

## C.3.1 Exposures and their measurement

## C.3.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Company defines credit or counterparty default risk as the risk of loss from the counterparty defaulting on deposits, derivatives and credit exposures.

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

On 31st December 2017, the Credit risks represented about 7% of the Company's Basic Capital Requirement, inclusive of the diversification effect, with a total of 227 million euro.

Below are the figures for the Group companies' exposures to Credit risks, in terms of use of capital. The figures are also compared against those for 31st December 2016.

## C.3.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

On 31st December 2017 the value of the counterparty default risk, according to the Standard Formula, was 185 million euro.

The company's exposure in terms of counterparties shows a high level of credit quality.

On the valuation date there were no accounts receivable from reinsurers. The main exposures relate to operations in derivatives.

The capital absorbed by Counterparty risks has fallen compared to 31st December 2016, by 36% overall, to a total of 103 million euro.

## C.3.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

On 31st December 2017, the value of the counterparty default risk according to the Standard Formula, was 7 million euro.

During 2017 the company did not carry out any derivatives transactions and therefore there are no open positions. The main exposures relate to banking counterparties holding the company's liquidity in the form of deposits, and accounts receivable from reinsurers.

The capital absorbed by Credit risks has increased compared to 31st December 2016, by 26% overall, to a total of 1.5 million.

## C.3.1 Exposures and their measurement – Fideuram Vita S.p.A.

On 31st December 2017 the value of the counterparty default risk, according to the Standard Formula, was 12 million euro.

The company considers the following items in its valuations for solvency purposes, in relation to exposure to credit risk:

- deposits;
- accounts receivable from reinsurers.

The company's exposure in terms of counterparties shows a high level of credit quality.

The capital absorbed by Credit risks has fallen compared to 31st December 2016, by 52% overall, to a total of 12 million euro.

### C.3.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

On 31st December 2017 the value of the counterparty default risk, according to the Standard Formula, was 25 million euro.

The main components of the Company's credit risk are banking counterparties who hold liquidity in the form of deposits and receivables from third parties.

The capital absorbed by Credit risks has increased compared to 31st December 2016, by 79% which is approximately 11 million euro.

## C.3.2 Concentration of risks

### C.3.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group did not identify the Credit risk concentration as being potentially significant, in the Rules on risk concentration. However, there are limits on operations within the Framework Decision on Investments, and forms of contract that reduce the concentration risk.

## C.3.3 Risk mitigation techniques

### C.3.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The Group’s high credit quality is guaranteed through the selection of counterparties and management of related exposures in accordance with the risk preferences defined in the Risk Appetite Framework.

### C.3.3 Risk mitigation techniques – Intesa Sanpaolo Vita S.p.A.

For the exposures to derivatives, it must be remembered that these operations are all regulated by ISDA contracts with annexed CSA that standardise the following clauses, among others:

- *Function transferability;*
- *Change of credit rating;*
- *Change of control;*
- *Resolution;*
- *Temination amount.*

The clauses in the ISDA contracts regulate events that could have an adverse impact on both parties, such as a downgrading of credit rating or change of control and therefore limit the unexpected risks of exposure to the Default risk, on existing derivatives contracts.

### C.3.3 Risk mitigation techniques – Intesa Sanpaolo Assicura S.p.A.

With regard to exposures towards reinsurers, the company resorts to reinsurance by evenly distributing the placement of risks among multiple operators, being careful to achieve a fair balance between the diffusion of the counterparty risk and the efficiency of administration.

### C.3.3 Risk mitigation techniques – Fideuram Vita S.p.A.

Currently, the company does not consider necessary to use specific techniques to mitigate credit risks. The high credit quality is guaranteed through the selection of counterparties and management of related exposures in accordance with the risk preferences defined in the Risk Appetite Framework.

### C.3.3 Risk mitigation techniques – Intesa Sanpaolo Life D.A.C.

The company imposes limits on cash exposure based on the counterparties' ratings. Investment diversification systems are also used. The risks committee regularly evaluates the level of exposure to risk in accordance with the company's risk appetite.

### C.3.4 Sensitivity analysis

### C.3.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

The Group companies consider the shocks defined in the Standard Formula to be sufficient for the purposes of evaluating the sensitivity to Credit risk.

The companies' risk profile highlights a limited exposure to credit risk and therefore the company did not consider necessary to use additional quantitative sensitivity analyses for this risk.

# C.4 Liquidity risk

## C.4.1 Exposures and their measurement

## C.4.1. Exposures and their measurement – Intesa Sanpaolo Vita Insurance Group

The Group defines liquidity risk as the risk of not being able to meet its obligations to policyholders and other creditors due to problems in converting investments into liquidity without suffering losses.

The companies are exposed to the financial and liquidity risks with the aim of ensuring that they reflect the characteristics of their insurance obligations, thus favouring the diversification of assets and prudent management;

The companies' objectives include achieving solidity of the liquidity position as stated in the Group Risk Appetite Statement.

During the planning period, changes in exposure to liquidity risk are not included as the companies' investment strategy is designed to maintain high liquidity securities in order to quickly cover potential adverse scenarios without incurring significant losses.

The liquidity risk is managed within the internal assessment of risk already mentioned in paragraph B.3 Risk Management System, including the internal assessment of risk and solvency.

The Company also controls this risk using the principles, processes and operational limits defined in the Liquidity risk management rules.

The system of analyses and processes for the management of the liquidity risk is made up of three phases:

1. The initial analysis of the liquidity position consists of two stages:
    - An analysis of the portfolio on that date: a projection, over a year, of the forecast cash outgoings for the payment of insurance benefits, dividends or distributions to shareholders, coupons and reimbursement of subordinate liabilities, as well as the expenditure on business costs, and incoming cash flows in order to determine the liquidity available for investment;
    - Analysis of future projections: a projection of the Best Estimate of the main financial and capital inflows and outflows for the following year, as part of the strategic planning process;
2. The second phase relates to the management of liquidity for investments which define the rules for the management of short-term liquidity;
3. The third phase relates to the management of the liquidity position, with an analysis intended to verify how the company reacts to situations of liquidity stress.

If the analysis shows an imbalance or a requirement for funds, whether under normal conditions or stressed conditions, ad hoc monitoring is carried out.

Liquidity risk is measured at least quarterly, by analysing the mismatch between the inflows and outflows generated by technical management alone, and by checking that it is higher than zero

for each portfolio, and for the entire portfolio of each Company, over a timeframe of up to one year, in stressed situations.

The liquidity risk occupies a key position within the fundamental risk aspect of the *Risk Appetite Framework*.

With regard to the management of liquidity risk, the companies have established a series of parameters that monitor the level of liquidity of the securities, and the company's capacity to meet the liquidity requirements deriving from all lines of business (insurance, financial, finance and refinance).

For Intesa Sanpaolo Life, a qualitative assessment of liquidity risks is carried out, which leads to a monitoring of the risk through a series of current and forward-looking parameters.

### C.4.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

### C.4.1 Exposures and their management – Intesa Sanpaolo Assicura S.p.A.

The Parent Company's ALM function manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

### C.4.1 Exposures and their management – Fideuram Vita S.p.A.

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

### C.4.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

The company manages liquidity risk in accordance with the provisions determined at Group level. Refer to the details of the paragraph on the Insurance Group.

## C.4.2 Concentration of risks

### C.4.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group, as already described in paragraph C.1.2 "Concentration of risks", has a risks concentration policy that defines the significant concentrations and the related calculation methods.

The Group has defined a concentration threshold of 0.2% as the ratio between each financial instrument valued with the fair value hierarchy of 3 (the market value of all the direct exposures is added together) and the total Group technical provisions, taking into account the standard operations and the limits on operativity, as required by in the Framework Decision on Investments. In case of alternative investment funds, the total commitment is considered instead of the market value of the exposures.

With reference to the valuation date 31st December 2017, there were no significant concentrations as regards liquidity risk.

### C.4.3 Risk mitigation techniques

### C.4.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The companies operate with the aim of achieving cohesion between the Financial Reporting activities and the liability structure in order to reduce its exposure to liquidity risk.

Currently, the companies do not consider it necessary to use specific techniques to mitigate the liquidity risk, as there is a robust liquidity monitoring system.

### C.4.4 Profits expected from future premiums

### C.4.4 Profits expected from future premiums - Intesa Sanpaolo Vita Insurance Group

As required by the regulations, the companies have carried out a quantitative assessment on the appropriateness of the composition of the assets in terms of their type, duration and liquidity for the purposes of complying with the company's obligations as they arise. No specific critical issues have been detected.

The Group Companies have carried out an assessment to identify the cash flows and profits generated solely by the future premiums pertaining to the policies in force on the valuation date, and which each Company expects to receive according to the policy conditions; that valuation enables a measurement of the profits expected from future premiums (EPIFP).

### C.4.4 Profits expected from future premiums - Intesa Sanpaolo Vita S.p.A.

With regard to Intesa Sanpaolo Vita, for the valuation on 31st December 2017, the total EPIFP amounted to 438.0 million euro.

### C.4.4 Profits expected from future premiums - Intesa Sanpaolo Assicura S.p.A.

With regard to Intesa Sanpaolo Assicura, for the valuation on 31st December 2017, the total EPIFP amounted to 8.75 million euro.

### C.4.4 Profits expected from future premiums - Fideuram Vita S.p.A.

With regard to Fideuram Vita, for the valuation on 31st December 2017, the total EPIFP amounted to 58 million euro.

### C.4.4 Profits expected from future premiums - Intesa Sanpaolo Life D.A.C.

With regard to Intesa Sanpaolo Life, for the valuation on 31st December 2017, the total EPIFP was zero.

## C.4.5 Sensitivity analysis

### C.4.5 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

Stress tests analyse the solvency and stability of the company, in adverse, extreme scenarios.

The liquidity position of companies under stress is reflected by the shocks defined in the stress tests imposed for the other risks.

In addition to the impacts on liquidity of the stress tests carried out as part of the self-assessment, there is a monthly monitoring by the ALM Operational function.

### C.4.5 Sensitivity analysis – Intesa Sanpaolo Vita S.p.A.

The ALM Operational function monitors the liquidity risk each month, by applying various levels of stress on the Assets side, and a shock on the redemption risk, on the Liabilities side.

With regard to the Assets side, in order to evaluate the gains on the securities considered in the analysis, the realisable assets are subjected to 3 stress levels, assuming a hypothetical shock when the rate rises.

On the Liabilities side, an increase in redemptions is used.

### C.4.5 Sensitivity analysis – Intesa Sanpaolo Assicura S.p.A.

Each month, the ALM function monitors the liquidity risk by applying various stress levels on the Assets side in order to evaluate the gains on securities considered in the analysis, and the realisable assets are subjected to three stress levels, assuming a hypothetical rates shock (i.e. for calculating the realisation value).

### C.4.5 Sensitivity analysis – Fideuram Vita S.p.A.

The liquidity position of companies under stress is reflected by the shocks defined in the stress tests identified for the other risks which analyse company solvency and stability in adverse scenarios.

### C.4.5 Sensitivity analysis – Intesa Sanpaolo Life D.A.C.

The company evaluates the impact of certain scenarios on liquidity, within the ORSA process with particular reference to the liquidity of own funds. The scenarios refer both to technical variables and on market variables. A specific stress scenario is also performed increasing the rate of taxation for mathematical provisions.

# C.5 Operational risk

## C.5.1 Exposures and their management

## C.5.1 Exposures and their management – Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Group has implemented the definition of operational risk indicated in ISVAP Regulation No. 20/2008 and the one provided by Intesa Sanpaolo, as indicated below: “the risk of sustaining losses arising from the inadequacy or malfunction of procedures, human resources and internal systems, or from exogenous events"
The operational risk includes:

- the legal risk, which is the risk of losses arising from the violation of laws or regulations, contractual or non-contractual liability or other disputes;
- the compliance risk, which is the risk of incurring legal or administrative penalties, major financial losses as a result of violations of mandatory provisions of law or of self-governance;
- behavioural risk, which is the risk of losses (current or potential) due to the inadequate provision of financial services including cases of fraud or negligence;
- The model list, which is a potential loss that is an entity might suffer as a result of decisions that may principally be based on the results of internal models, due to errors in the development, implementation or use of those models;
- the ICT (Information and Communication Technology) risk, which is the risk of incurring financial losses due to the use of these technologies.

Strategic or reputational risks are not included.
The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).
The operational risk is managed within the internal assessment of risk already mentioned in paragraph B.3 “Risk Management System, including the internal assessment of risk and solvency”. Constant controls are also in place for this risk.
On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 563 million euro. Compared to the previous assessment of 31st December 2016, the Operational risk has risen by 4%, by 22 million euro.
Below are the figures for the Group companies’ exposures to operational risks, in terms of use of capital.

## C.5.1 Exposures and their measurement – Intesa Sanpaolo Vita S.p.A.

On 31st December 2017 the value of the Market risks, according to the Standard Formula, was 349 million euro. Compared to the previous assessment of 31st December 2016, the Operational risk has fallen by 2%, which is 8 million euro.

## C.5.1 Exposures and their measurement – Intesa Sanpaolo Assicura S.p.A.

On 31st December 2017 the value of the Operational risks of Intesa Sanpaolo Assicura, according to the Standard Formula, was 16.9 million euro. Compared to the previous

assessment of 31st December 2016, the Operational risk has risen by 10%, which is 1.5 million euro.

### C.5.1 Exposures and their measurement – Fideuram Vita S.p.A.

On 31st December 2017 the value of the Operational risks of Fideuram Vita, according to the Standard Formula, was 130 million euro. Compared to the previous assessment of 31st December 2016, the Operational risk has risen by 8%, which is 9 million euro.

### C.5.1 Exposures and their measurement – Intesa Sanpaolo Life D.A.C.

On 31st December 2017, the value of the Operational risks of Intesa Sanpaolo Life was 67 million euro. Compared to the previous assessment of 31st December 2016, the Operational risk has risen by 41%, which is 19 million euro.

### C.5.2 Concentration of risks

### C.5.2 Concentration of risks - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Vita Insurance Group has not identified the operational risk concentration as being potentially significant, in the Rules on risk concentration.

### C.5.3 Risk mitigation techniques

### C.5.3 Risk mitigation techniques – Intesa Sanpaolo Vita Insurance Group

The operational risk in the Standard Formula is calculated using a linear formula. The operational risk increases as the size of the business of the Intesa Sanpaolo Vita Insurance Group companies increases, except where the company has a very low Basic Capital Requirement. The Standard Formula does not provide for any diversification of that risk with the other risks to which the companies of the Intesa Sanpaolo Vita Insurance Group are exposed, nor any mitigation techniques that can reduce exposure.

Currently, the company does not consider it necessary to use specific techniques to mitigate operational risks. Instead there is a system of controls within the Risk Appetite Framework, the aim of which is to keep the operational risks within certain limits.

### C.5.4 Sensitivity analysis

### C.5.4 Sensitivity analysis – Intesa Sanpaolo Vita Insurance Group

The shocks defined in the Standard Formula for the valuation of the operational risk sensitivity tend not to represent the company's risk profile as they refer to the quantity of business underwritten, or to the future commitments towards the policyholders and not to the operational context (which is all of the systems, procedures and actions by personnel) and its vulnerability to endogenous and exogenous variables.

In reference to the internal valuation framework, the companies do not consider it necessary to use additional quantitative sensitivity analyses.

# C.6 Other material risks

The Grid has no significant exposure to other measurable risks other than those provided for in Pillar I of the Standard Formula.

As mentioned in section B.3 “System of risk management internal assessment of risk and solvency”, the material risks that the company has identified, and which are not entirely included in the calculation of the solvency capital requirements, according to the Standard Formula, include:

- reputational risks, referring to those events that may tarnish the reputation or image of each Insurance Group company;
- regulatory risks, which refer to the failure to comply with existing or upcoming regulations;
- strategic risks, which refer to the risk of losses due to wrong strategic choices and includes financial, management, logistics and product subcategories. This category also includes group risks (risks deriving from intragroup operations, the risk of contagion and the risk of conducting an insurance business in different companies and jurisdictions;
- AML risk, which includes all activities that imply the potential laundering of cash, goods or other benefits or the financing of terrorism, as provided for in local laws.

The controls in place for these risks are adequate.

## C.6.1 Exposures and their measurement

The Intesa Sanpaolo Vita Insurance Group defines the risks to which it is exposed using an impact/control concept and risk map. Risk exposure, or inherent risk, is determined on the basis of combination between probability and impact. It is assessed on a scale of 1-6; the assessment of the controls, namely the efficiency of the system is used to mitigate and monitor the risk, consists of three levels: poor, good and excellent. The combination between risk exposure (inherent risk) and risk control is represented in the residual risk which is valued on a scale from 1-6.

With regard to risk exposure, the Insurance Group has defined the following thresholds:

- Very high exposure in terms of risk, it describes an extremely relevant situation, considering the level of impact and the corresponding likelihood of occurrence;
- High exposure in terms of risk, it describes a very relevant situation, considering the level of impact and the corresponding likelihood of occurrence;
- Medium-high exposure in terms of risk, it describes a relevant situation, considering the level of impact and the corresponding likelihood of occurrence;
- Medium exposure in terms of risk, it describes a moderate situation, considering the level of impact and the corresponding likelihood of occurrence;
- Medium-low exposure in terms of risk, it describes a situation of low relevance, considering the level of impact and the corresponding likelihood or extent of occurrence;
- Low exposure in terms of risk, it describes a situation of very low relevance, considering the level of impact and the corresponding likelihood of the event occurring.

With regard to the level of efficiency of the risk control, Insurance Group has established three different levels:

- Lack of control: when the controls and mitigation actions are absent or, if present, they are not considered to be sufficient to guarantee control of the risk;

- Good control: when the controls and mitigation actions guarantee adequate control of the risk and additional actions may be taken to improve the frequency and/or efficiency of controls;
- Excellent control: the frequency and efficiency of the controls and mitigation actions are such that they ensure effective risk control.

The 2018 risk assessment also highlighted cyber risk as a focus point, as well as the risks related to the entry into force of the new General Data Protection Regulation (GDPR).

For the cyber risk and the GDPR, the Intesa Sanpaolo Vita Insurance Group has paid increasing attention to strengthening its information system as regards governance and also by implementing a technology conversion project, developing its IT infrastructure and working on its applications, through specific projects to manage cyber security and data protection issues.

The Insurance Group's risk appetite framework includes early warning thresholds, on the main risk factors to which it is exposed. The main limits are:

- Solvency: solvency ratio levels and individual risk levels compared to Own Funds;
- Liquidity: the level of highly liquid securities, cash flow matching and liquidity coverage ratio;
- Investments;
- Operational risks: the level of operational losses.

# C.7 Other information

## C.7 Other information - Intesa Sanpaolo Vita Insurance Group

The group, and each company, have input all the relevant information about their own risk profiles, in the above paragraphs.

# D. Valuation for solvency purposes

This section provides information about the values of the assets and liabilities used for the purposes of the solvency of the Insurance Group and of each company. It also contains a comparison between the values contained in the Solvency Report and Group financial reports and those in the individual Local financial reports prepared by each company in accordance with their statutory accounting standards.

The main regulatory references relating to the preparation of the Solvency Report are the following:

- Art. 75 of European Directive No. 138/2009;
- Art. 35c of Legislative Decree No. 74/2015 which enacts the above Directive;
- IVASS Regulation No. 18/2016 concerning rules for determining technical provisions;
- IVASS Regulation No. 34/2017, concerning the provisions on corporate governance relating to the valuation of assets and liabilities other than technical provisions, and the related valuation criteria;
- Delegated Regulation No. 35/2015 of the European Commission – Reference to Title I – Chapter II;
- "Guidelines" issued by EIOPA (European Insurance and Occupational Pensions Authority)

In particular, the Solvency Report has been prepared according to a market-consistent approach to value the assets and liabilities, in particular:

- assets are valued at the amount at which they could be traded between informed, consenting parties in a transaction performed at arm's length conditions;
- liabilities are valued at the amount of which they could be transferred or settled between informed, consenting parties, in an arm's-length transaction without any adjustment to take into account the credit rating of the insurance company.

The assets and liabilities are also valued on a going concern basis, with express reference to the IAS/IFRS accounting standards, which are usually the reference standards utilised to value assets and liabilities for solvency purposes, unless stipulated otherwise, and if the valuation criteria provided for in the IAS are temporarily or permanently in line with the above-mentioned market consistent valuation approach.

Therefore, the Insurance Group's Solvency Report involved the following phases:

- A valuation of individual assets and liabilities in application of the criteria provided in Delegated Regulation No. 35/2015, in line, where applicable, with the valuations given for the purposes of the Group Consolidated Financial statements prepared in accordance with IAS/IFRS;
- Re-presentation of the assets and liabilities of each company based on the classification criteria applied to the compilation of the QRT S.02.01 (Balance Sheet).

Annexed to this report are the QRT for the Solvency Report (S.02.01.02) for the Insurance Group and individual companies on 31st December 2017. Each QRT includes a list of the assets and liabilities of the Insurance Group company or of each company.

The valuation criteria used for the assets and liabilities contained in the QRT, in line with the provisions of article 10 of the above-mentioned Delegated Regulation are the following:

1. assets and liabilities are valued at market prices quoted on active markets according to the definition of the international accounting standards;
2. when no such market prices are available, the prices recorded on active markets for similar assets and liabilities are used, and adjusted to reflect any differences considering the specific characteristics of the asset or liability (such as condition, location, the extent to which the valuation input relates to comparable elements, the volume or level of activity in the markets from which the input was taken);
3. if it is impossible to apply the above mentioned valuation criteria, the Group and individual companies have used alternative valuation methods, minimising the use of specific input from the company and using market input as far as possible, including the elements indicated below:
   - prices quoted for identical or similar assets or liabilities, in non-active markets;
   - input other than the observable listed prices, including interest rates and performance curves observed at commonly-quoted intervals, implied volatility and credit spread;
   - input corroborated by the market, which may not be directly observable but is based on observable market data, or supported by it.

If no observable input is available, including situations of low activity on the market on the valuation date, non-observable input is used, which reflects the scenarios that the market traders would use in determining the price, including the risk hypotheses. In evaluating the risk hypotheses, companies take into account the risk of a particular valuation technique used to measure the fair value and the risk related to the input used in the valuation technique.

Section 3 of the Delegated Regulation requires methods on the solvency valuation of the insurance company's technical provisions that are specific and separate from the valuation criteria used in the annual financial reports and IAS/IFRS.

# D.1 Assets

## D.1 Assets - Intesa Sanpaolo Vita Insurance Group

The QRT S.02.01 template annexed to this report contains a list of the items in the Solvency report, for each item.

## Intangible assets - Intesa Sanpaolo Vita Insurance Group

The intangible assets in the solvency report are valued at zero in line with Delegated Regulation No. 35/2015. The intangible assets entered on the consolidated financial accounts and individual accounts cannot be sold separately and it is not possible to demonstrate any fair value, on an active market, for an identical or similar asset.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Intangible assets | - | 8,882.4 | -8,882.4 |

With regard to the valuation methods, see the notes given with regard to Group level.

## Intangible assets – Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Intangible assets | - | 6,821.8 | -6,821.8 |

## Intangible assets – Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Intangible assets | - | 3,137.1 | -3,137.1 |

## Intangible assets – Fideuram Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Intangible assets | - | 67,725.6 | -67,725.6 |

## Intangible assets – Intesa Sanpaolo Life D.A.C.

There are no intangible assets for Intesa Sanpaolo Life D.A.C.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Intangible assets | - | - | - |

## Deferred tax assets – Intesa Sanpaolo Vita Insurance Group

The calculation of the deferred taxes given in the solvency report was made in application of IAS 12 and Articles 20-22 of IVASS Regulation No. 34/2017. Deferred taxes are calculated on

the temporary differences between the book value of the assets and liabilities on the solvency report and their fiscal value.

For the individual companies, the differences compared to the contents of the annual financial reports are related to the deferred fiscal effects on the temporary differences deriving from the adjustments to the valuations of assets and liabilities. In line with IAS 12, the Insurance Group records tax assets for deferred taxes to the extent that it is probable that the deductible temporary differences or fiscal losses could lead to a corresponding reduction in the future liabilities for current taxes.

The recoverability analysis is based on an examination of the presence, in future years, of a presumable reversal of the deductible temporary differences of corresponding taxable temporary differences (for the same tax, and towards the same tax authority) for which the corresponding liabilities for deferred taxes were recorded.

Any part not covered by the above point is determined by taking into account:

- The presence of temporal restrictions that limit the carrying forward of tax losses and/or temporary differences to future years;
- The expected profitability, which can be deduced from the results of the plans approved by the executive bodies corroborated by an analysis of the capacity to generate taxable income during previous years that would reabsorb any past fiscal losses. The presence of significant taxable amounts at the end of the period is a reasonable measure of the company's long-term profitability, on the basis of which it is possible to evaluate the recoverability of any temporary deductible differences that would be expected to be cancelled out in years after those covered by the plan.

The Group's solvency report includes:

- Deferred tax assets (DTA) totalling 1.834 million euro, compared to 301 million euro DTA entered on the consolidated financial report; the solvency value represents 1.1% of the total balance sheet assets;
- Deferred tax liabilities (DTL) totalling 2.142 million euro, compared to 615 million euro DTL entered on the consolidated financial report; the solvency value represents 1.4% of the total balance sheet liabilities;

Below is a breakdown of assets and liabilities for deferred taxes recorded for the Insurance Group companies.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Deferred tax assets | 1,833,665.4 | 300,815.7 | 1,532,849.7 |
| Deferred tax liabilities | 2,142,342.9 | 615,010.7 | 1,527,332.2 |

## Deferred tax assets – Intesa Sanpaolo Vita S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 1.697 million euro, compared to 187 million euro of DTA entered on the local financial report; the solvency value represents 1.8% of the total balance sheet assets;

- Deferred tax liabilities (DTL) totalling 1.922 million euro, compared to 504 thousands euro of DTA entered on the local financial report; the solvency value represents 2.1% of the total balance sheet liabilities.

Below is a breakdown of assets and liabilities for deferred taxes recorded for Intesa Sanpaolo Vita S.p.A.:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Deferred tax assets | 1,696,653.5 | 187,486.5 | 1,509,167.0 |
| Deferred tax liabilities | 1,921,906.4 | 504.4 | 1,921,402.0 |

Deferred taxation mainly relates to temporary differences that have to do with adjustments between the statutory value and the Solvency II value of the investments and the technical provisions.

These temporary differences are reversed as the maturity date approaches, or on the sale of the financial instruments or with the liquidation of the corresponding policies in the portfolio. The average duration is 5.4 years for the portfolio of assets and 6.02 years for the portfolio of liabilities.

On the reference date there are no fiscal losses to be carried forward or unused tax credits for which the corresponding deferred tax assets have not been recognised.

## Deferred tax assets – Intesa Sanpaolo Assicura S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 14 million euro, compared to 12 million euro of DTA entered on the local financial report; the solvency value represents 1.4% of the total balance sheet assets;
- Deferred tax liabilities (DTL) totalling 29 million euro, compared to the local financial report that does not contain this item; the solvency value represents 4.2% of the total balance sheet liabilities.

Below is a breakdown of assets and liabilities for deferred taxes recorded for Intesa Sanpaolo Assicura S.p.A.:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Deferred tax assets | 14,066.2 | 11,804.3 | 2,261.9 |
| Deferred tax liabilities | 29,103.1 | - | 29,103.1 |

Deferred taxation mainly relates to temporary differences that have to do with adjustments between the statutory value and the Solvency II value of the investments and the technical provisions. These temporary differences are reversed as the maturity date approaches, or on the sale of the financial instruments or with the liquidation of the corresponding TP.

On the reference date there are no fiscal losses to be carried forward or unused tax credits for which the corresponding deferred tax assets have not been recognised.

## Deferred tax assets – Fideuram Vita S.p.A.

The Company's solvency report includes:

- Deferred tax assets (DTA) totalling 123 million euro, compared to 11 million euro of DTA entered on the local financial report; the solvency value represents 0.4% of the total balance sheet assets;
- Deferred tax liabilities (DTL) totalling 126 million euro, compared to 1 million euro of DTL entered on the local financial report; the solvency value represents 0.4% of the total balance sheet liabilities.

Below is a breakdown of assets and liabilities for deferred taxes recorded for Fideuram Vita S.p.A.:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Deferred tax assets | 122,945.7 | 11,294.1 | 111,651.6 |
| Deferred tax liabilities | 126,227.0 | 1,097.9 | 125,129.0 |

Also for Fideuram Vita, deferred taxation mainly relates to temporary differences that have to do with adjustments between the statutory value and the Solvency II value of the investments and the technical provisions.

These temporary differences are reversed as the maturity date approaches, or on the sale of the financial instruments or with the liquidation of the corresponding policies in the portfolio. The duration is equal to 5.5 (only With Profit Insurance products) or 5.32 years for investments (the modified duration weighted with the nominal amount includes free assets portfolio) and 7.39 years for technical provisions.

On the reference date there are no fiscal losses to be carried forward or unused tax credits for which the corresponding deferred tax assets have not been recognised.

## Deferred tax assets – Intesa Sanpaolo Life D.A.C.

To prepare its Local financial report, the company uses the IAS/IFRS, and therefore there are no differences in the amounts.

The Company's solvency report includes deferred tax liabilities (DTL) totalling 80 million euro, compared to 1 million euro DTL entered on the local financial report for IAS purposes; the solvency value represents 0.25% of the total balance sheet liabilities. Below is a breakdown of assets and liabilities for deferred taxes recorded for Intesa Sanpaolo Life S.p.A.:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Deferred tax assets | - | - | - |
| Deferred tax liabilities | 80,412.1 | 903.1 | 79,508.9 |

The main difference on the adjustment of the deferred taxation relates to the part of the technical provisions for the liability items, and the deferred incomes and costs, for the asset side.

## Real estate, plant and equipment held for own use - Intesa Sanpaolo Vita Insurance Group

With reference to real estate, the fair value valuation is calculated on the basis of the expert's value determined by the valuer's engaged by each Group company, in line with the provisions of current legislation. For Solvency purposes, real estate investments must be valued at fair value even if they are booked at cost in the accounts prepared on the basis of statutory criteria or the IAS. The Fair Value Model provided for in IAS 40 is considered to be a valid approximation for Solvency purposes.

For each company, the Italian regulations are applied (OIC 16), establishing that the initial cost is adjusted by depreciation (throughout the useful life, on a straight line systematic basis) for as long as there is evidence that the net value can be recovered through the use of civil buildings that represent a form of investment and cannot be depreciated; if they are depreciated the depreciation plan responds to the same characteristics as the other tangible assets. Land is not appreciated unless its utility will be extinguished over time.

This item also includes office furniture and equipment which is valued at the cost as depreciated on the statutory accounts. This valuation principle is not coherent with the market consistent valuation approach. However, taking into account the fact that the fair value of the items in question is not available, and also the fact that the amount is not significant, it is considered that this value gives a reasonable representation of the amount that would result from the revaluation model provided for in IAS 16, which in turn is an option that is consistent with the Solvency II framework.

Under the Italian statutory rules, OIC 16 provides that for tangible assets other than buildings held for investments and fixed assets with unlimited utility such as land and works of art, the initial cost is adjusted by depreciation throughout the useful life of the asset, in a systematic way, provided that there is evidence that the net value can be recovered through use. As these situations are not valued according to criteria compatible with Solvency II, no value is recognised under these rules.

The overall value at Group level is the following:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Property, plant & equipment held for own use | 1,643.4 | 1,643.4 | - |

With regard to the valuation methods for each company, see the notes given with regard to Group level.

## Real estate, plant and equipment held for own use – Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Property, plant & equipment held for own use | 212.9 | 212.9 | - |

## Real estate, plant and equipment held for own use – Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Property, plant & equipment held for own use | 23.0 | 23.0 | - |

## Real estate, plant and equipment held for own use – Fideuram Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Property, plant & equipment held for own use | 28.0 | 28.0 | - |

## Real estate, plant and equipment held for own use – Intesa Sanpaolo Life D.A.C.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Property, plant & equipment held for own use | 1,379.9 | 1,379.9 | - |

## Real estate (other than that held for own use) - Intesa Sanpaolo Vita Insurance Group

The valuation of this item follows the principles used in the balance sheet, under the item “Real estate, plant and equipment held for own use”. The current value of real estate (other than that held for own use) on 31st December 2017 was 9 million euro and relates only to Fideuram Vita. This value is identical to the figure on the consolidated accounts, as the valuation was based on IAS.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Property (other thank for own use) | 9,070.0 | 9,070.0 | - |

## Real estate (other than that held for own use) - Fideuram Vita

The valuation according to the Solvency rules is different from the local value given for Italian accounting purposes as it takes into account any adjustments from write-downs or write-ups.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Property (other thank for own use) | 9,070.0 | 7,145.2 | 1,924.8 |

As mentioned above, the amounts indicated refer entirely to Fideuram Vita, and relate to the property located in Rome at Via di Villa Emiliani 10, which is entirely leased to an affiliate (on the Local financial statements the property is entered at a value of 7.145 thousands euro).

For the solvency report, in order to establish the fair value of the property, the company commissioned an external firm to draw up a report dated 31st December 2017. The valuation, based on the income method principle, and which has been retained by the Company, shows

the market value of 9 million euro, which is 2 million euro higher than the Local figure.

## Holdings in related undertakings, including participations - Intesa Sanpaolo Vita Insurance Group

The consolidated financial reports include a minority shareholding of 2,533 million euro, of which 0.22 million euro is to be attributed to Fideuram Vita and 2,313 million euro to Intesa San Paolo Vita's stake in Intesa Sanpaolo Smart Care. This figure reflects a corporate transaction that took place in 2017. The parent company Intesa Sanpaolo – Regional Banks division – participated in a capital increase of Intesa Sanpaolo Smart Care taking its shareholding to 51% and leaving the residual value of 49% to Intesa Sanpaolo Vita. The reference value on the Group Solvency Report thus includes the value of the net equity of the subsidiary Intesa Sanpaolo Smart Care, at 49%.

When moving from the IFRS to Solvency valuations, the change in the value of equity investment is essentially due to the different consideration given to Intesa Sanpaolo Smart Care in the consolidation perimeter.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Holdings in related undertakings, including partecipations | 2,533.0 | 4,141.4 | -1,608.4 |

## Holdings in related undertakings, including participations – Intesa Sanpaolo Vita S.p.A.

For Intesa Sanpaolo Vita S.p.A. the shares held in subsidiaries, including equity investments, are the following:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Holdings in related undertakings, including partecipations | 1,468,782.2 | 207,266.7 | 1,261,515.5 |

The solvency report of the company includes in that item the value of “assets in excess of liabilities” on the solvency report of the subsidiaries, thus expressing the market consistent method as provided for in Delegated Regulation No. 35/2015.

The individual financial statements prepared in accordance with the Local statutory provisions include equity investments valued at cost, adjusted to reflect lasting impairments of value.

## Holdings in related undertakings, including participations – Intesa Sanpaolo Assicura S.p.A.

Intesa Sanpaolo Assicura S.p.A. has no equity investments.

## Holdings in related undertakings, including participations – Fideuram Vita S.p.A.

For Fideuram Vita, the shares held in subsidiaries, including equity investments, are the following:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Holdings in related undertakings, including partecipations | 220.9 | 194.0 | 26.9 |

The solvency report of the company in that item includes the value of shares issued by Group companies valued at market price.

The individual financial statements prepared in accordance with the Local statutory provisions includes equity investments valued at cost, adjusted to reflect lasting impairments of value.

## Holdings in related undertakings, including participations – Intesa Sanpaolo Life D.A.C.

Intesa Sanpaolo Life D.A.C. has no holdings in related undertakings.

## Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Vita Insurance Group

The table below contains the value of the Insurance Group's investments:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| **Equity** | **1,609,762.4** | **1,609,762.4** | **-** |
| Equity - Listed | 1,609,700.4 | 1,609,700.4 | - |
| Equity - Unlisted | 61.9 | 61.9 | - |
| **Bonds** | **69,988,586.0** | **69,988,313.6** | **272.4** |
| Government bonds | 52,535,864.6 | 52,535,864.6 | - |
| Corporate bonds | 12,673,677.5 | 12,672,253.7 | 1,423.9 |
| Structured note | 4,767,254.9 | 4,768,552.3 | -1,297.4 |
| Collateralised securites | 11,789.0 | 11,643.1 | 145.9 |
| **Collective investments undertakings** | **10,277,268.8** | **10,277,268.8** | **-** |
| **Derivatives** | **9,636.4** | **9,636.4** | **-** |
| **Investments** | **81,885,253.6** | **81,884,981.2** | **272.4** |

The total investments represent 50% of the total balance sheet assets. Most of the investments allocated to government bonds (64%) while 21% are invested in bonds. The remaining 15% is divided between equities (just under 2%) and in collective investments.

In the solvency report all the securities of the Insurance Group are valued at fair value. However according to the IFRS system, part of the bond portfolio, particularly the categories of loans and assets held to maturity, is recognised at the amortised IAS/IFRS cost. This difference determines the change in value.

The fair value valuation as provided by IAS 39, as described in the Fair Value Policy of the Intesa Group, applies to investments as the financial instruments have to be measured at fair value even when they are recognised at cost on the financial reports prepared in accordance with the IAS/IFRS.

In operational terms, the existence of official prices on an active market is the best evidence of fair value; those prices thus represent the prices used on a priority basis for the valuation of financial assets and liabilities. In the absence of an active market (which is limited to a marginal portion of the investment portfolio), the fair value was determined by using valuation techniques intended to establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques included:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile ("Comparable Approach");
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer ("Mark-to-Model").

For the individual companies, according to the rules of financial reports prepared in accordance with the Local standards, the financial assets recognised under current assets are valued at the lower of the cost of acquisition and the realisation value deduced from the market trend, while investments entered under fixed assets are valued at cost, net of any lasting impairments of value. With reference to derivatives, the fair value is indicated for each category of instrument together with the information about their size and nature.

## Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Vita S.p.A.

Below there is a summary of the main items in the asset investments for Intesa Sanpaolo Vita:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| **Equity** | **1,552,176.6** | **1,245,544.5** | **306,632.2** |
| Equity - Listed | 1,552,124.8 | 1,245,492.6 | 306,632.2 |
| Equity - Unlisted | 51.9 | 51.9 | - |
| **Bonds** | **64,556,331.2** | **59,947,771.5** | **4,608,559.7** |
| Government bonds | 48,359,023.6 | 44,717,516.0 | 3,641,507.7 |
| Corporate bonds | 11,848,106.5 | 11,118,300.9 | 729,805.6 |
| Structured note | 4,343,709.8 | 4,106,977.3 | 236,732.4 |
| Collateralised securites | 5,491.3 | 4,977.3 | 514.0 |
| **Collective investments undertakings** | **9,450,508.1** | **9,031,629.1** | **418,879.0** |
| **Derivatives** | **9,353.0** | **5,409.7** | **3,943.3** |
| **Investments** | **75,568,369.0** | **70,230,354.8** | **5,338,014.2** |

The total investments represent 80% of the total balance sheet assets. Most of the investments are allocated to government bonds (63%) while 21% are invested in bonds. The remaining 14% is divided between equities (just under 2%) and in collective investments.

The difference between the total financial components relating to financial investments recognised on the individual Local financial statements, equal to 70.230 million euro, and the sum of 75.568 million euro being the amount determined for solvency purposes, relates to the recognition of the latent gains resulting from the fair value valuation of all the financial instruments determined in accordance with IFRS 13.

## Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Assicura S.p.A.

Below there is a summary of the main items in the various capital instruments for Intesa Sanpaolo Assicura:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| **Equity** | **28,724.5** | **25,414.8** | **3,309.7** |
| Equity - Listed | 28,714.4 | 25,404.7 | 3,309.7 |
| Equity - Unlisted | 10.1 | 10.1 | - |
| **Bonds** | **727,278.8** | **725,337.4** | **1,941.4** |
| Government bonds | 695,573.2 | 695,218.0 | 355.1 |
| Corporate bonds | 5,503.0 | 5,244.4 | 258.6 |
| Structured note | 26,202.7 | 24,875.0 | 1,327.7 |
| Collateralised securites | - | - | - |
| **Collective investments undertakings** | **166,998.1** | **161,857.3** | **5,140.8** |
| **Derivatives** | **-** | **-** | **-** |
| **Investments** | **923,001.4** | **912,609.5** | **10,391.9** |

The total investments represent 90% of the total balance sheet assets. Most of the investments are allocated to government bonds (75%) while just 3.5% are invested in bonds. 18% is linked to collective investment securities while the remaining 3.5% is allocated to equities.

Also for this company, the difference between the values on the balance sheet of the individual Local financial statements and the one on the solvency report is the same as the one noted for Intesa Sanpaolo Vita.

## Investments (Capital instruments, bonds, UCITS, derivatives) - Fideuram Vita S.p.A.

Below there is a summary of the main items in the various capital instruments for Fideuram Vita:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| **Equity** | **28,477.0** | **25,054.1** | **3,422.9** |
| Equity - Listed | 28,477.0 | 25,054.1 | 3,422.9 |
| Equity - Unlisted | - | - | - |
| **Bonds** | **4,526,804.1** | **4,137,843.8** | **388,960.3** |
| Government bonds | 3,323,029.2 | 2,981,807.7 | 341,221.5 |
| Corporate bonds | 800,134.7 | 765,458.4 | 34,676.3 |
| Structured note | 397,342.4 | 384,330.5 | 13,011.9 |
| Collateralised securites | 6,297.7 | 6,247.1 | 50.6 |
| **Collective investments undertakings** | **525,133.6** | **514,482.5** | **10,651.1** |
| **Derivatives** | **282.6** | **15.0** | **267.6** |
| **Investments** | **5,080,697.2** | **4,677,395.4** | **403,301.8** |

The total investments in this category represent just 15% of total assets. Most of the investments of this type are allocated to government bonds (65%) while 24% are invested in bonds. The remaining invested component relates to collective investment securities (10%). Equities account for a marginal portion.

Also for this company, the difference between the values on the balance sheet of the individual Local financial statements and the one on the solvency report is the same as the one noted for Intesa Sanpaolo Vita.

## Investments (Capital instruments, bonds, UCITS, derivatives) - Intesa Sanpaolo Life D.A.C.

Below there is a summary of the main items in the various capital instruments for Intesa Sanpaolo Life:

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| **Equity** | **384.2** | **384.2** | **-** |
| Equity - Listed | 384.2 | 384.2 | - |
| Equity - Unlisted | - | - | - |
| **Bonds** | **178,171.9** | **178,171.9** | **-** |
| Government bonds | 158,238.5 | 158,238.5 | - |
| Corporate bonds | 19,933.3 | 19,933.3 | - |
| Structured note | - | - | - |
| Collateralised securites | - | - | - |
| **Collective investments undertakings** | **134,629.0** | **134,629.0** | **-** |
| **Derivatives** | **0.8** | **0.8** | **-** |
| **Investments** | **313,185.9** | **313,185.9** | **-** |

These assets are valued at fair value by using the prices obtained from the financial markets in the case of instruments listed on active markets, or using internal valuations for other financial instruments. If the listed market prices are not available, the prices from brokers or dealers may also be used. If no price is available on an active market or if the market is not working properly, the fair value of the financial instruments will mainly be determined by using valuation techniques aimed at determining the price on a hypothetical market transaction justified by normal business considerations on the measurement date.
The total investments in this category represent just 1% of total assets. Investments in government bonds represent 51% while 43% are invested in collective investment securities. The remaining 6% relates to bonds.

In this case there are no differences, as the valuation principles used in accordance with Irish regulations are the IAS/IFRS and therefore they are in line with the fair value concept used for Solvency II.

## Assets held for index-linked and unit linked policies – Intesa Sanpaolo Vita Insurance Group

The asset item classified as “Assets held for index linked or unit linked insurance policies” includes all the financial assets defined as “Class D” on the balance sheet of the consolidated financial report.

These financial assets correspond to assets for which the investment risk is borne by the policyholder.

This item is made up of investments used to cover the commitments pertaining to LoB III policies, whose benefits are directly linked to the value of the assets in internal unit and index linked funds or to the value of units of UCITS, and to the financial investments linked to pension policies (open pension funds of Intesa Sanpaolo Vita and Fideuram Vita).

These investments are recognised, in the financial reports prepared in accordance with the national accounting standards, IFRS and Solvency II, at the current value, equal to the market value.

For this reason, the values differ by a minor amount of 5 thousands euro, being the difference between the value recognised on the individual Local financial statements, on the consolidated financial report, and the value recognised according to the Solvency rules. The Group data is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Assets held for index-linked and unit-linked contracts | 74,221,778.0 | 74,221,773.0 | 5.0 |

Compared to 2016, the component relating to unit linked policy assets has increased by 15%, from 62.794 to 74.222 million euro. This balance sheet item accounts for 46% of total assets.

With regard to the valuation methods for each company, there are no changes compared to the information given for the Group.

## Assets held for index-linked and unit linked policies – Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Assets held for index-linked and unit-linked contracts | 15,337,915.4 | 15,337,915.4 | - |

Compared to 2016, the component relating to unit linked policy assets has increased by 30%, from 11,775 to 15,338 million euro. This balance sheet item accounts for 16% of total assets.

## Assets held for index-linked and unit linked policies – Intesa Sanpaolo Assicura S.p.A.

There are no assets held for index-linked and unit linked policies.

## Assets held for index-linked and unit linked policies - Fideuram Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Assets held for index-linked and unit-linked contracts | 26,699,058.8 | 26,699,058.8 | - |

Compared to 2016, the component relating to unit linked policy assets has increased by 9%, from 24,475 to 26,699 million euro. This balance sheet item accounts for 81% of total assets.

## Assets held for index-linked and unit linked policies – Intesa Sanpaolo Life D.A.C.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Assets held for index-linked and unit-linked contracts | 32,185,008.5 | 32,185,008.5 | - |

Compared to 2016, the component relating to unit linked policy assets has increased by 21%, from 26,5444 to 32,185 million euro. This balance sheet item accounts for 97.4% of total assets.

## Amounts recoverable from reinsurance – Intesa Sanpaolo Vita Insurance Group

This item contains all the accounting items relating to recoverables regarding the Passive Reinsurance used by the Insurance Group as a technique to mitigate the underwriting risks.

In the same way as occurs for the technical provisions for direct business, the shares paid by the reinsurers are reprocessed, compared to the financial report, using the Solvency II criteria which take into account the expected cash flows connected to recoveries relating to direct business obligations, discounted according to the risk-free rate curve.

The valuation of the reinsurance impact is described in the paragraph below, on technical provisions.

The group data is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Non-Life excluding Health | 12,607.7 | 14,722.5 | -2,114.8 |
| Healt similar to Non-Life | 427.5 | 182.7 | 244.7 |
| Life excluding Health and Index- linked and unit-linked | - | 857.2 | -857.2 |
| **Reinsurance recoverables** | **13,035.1** | **15,762.3** | **-2,727.2** |

## Amounts recoverable from reinsurance – Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Health similar to Non-Life | - | 182.7 | -182.7 |
| Life excluding Health and Index- linked and unit - linked | - | 857.2 | -857.2 |
| **Reinsurance recoverables** | **-** | **1,039.9** | **-1,039.9** |

Despite the need for a separate calculation of the amounts recoverable from reinsurance compared to the calculation of the BEL, the company considers that the insurance is not significant in reference to the principle of proportionality. It uses, as permitted by the Delegated Acts[1], a simplified valuation method that takes into consideration the valuation difference between the BEL before reinsurance and the BEL net of reinsurance, including in the last valuation the effect of the risk of default by the reinsurer[2], which leads to an adjustment based on the valuation of the probability of default by the counterparty and the average loss in that scenario (Counterparty Default Adjustment).

In the light of the above and as a result of the valuation of non-materiality of the “Amounts recoverable from reinsurance”, the Best Estimate provisions are recognised on the solvency report at the value net of reinsurance. Therefore, this item is not recognised in the assets on the solvency report.

As a result of this, the comparison of the data reveals a negative difference of 1,040 thousands euro.

## Amounts recoverable from reinsurance – Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Health similar to Non-Life | 427.5 | 470.8 | -43.3 |
| Life excluding Health and Index- linked and unit - linked | 12,607.7 | 14,251.7 | -1,644.0 |
| **Reinsurance recoverables** | **13,035.1** | **14,722.5** | **-1,687.3** |

[1] Art. 57 of the Delegated Acts
[2] Art. 42 of the Delegated Acts

The solvency report values the percentages payable by the reinsurers on the basis of the quantification and subsequent discounting of cash flows connected to recoveries relating to direct business obligations discounted on the basis of the risk free rate curve.

This different valuation compared to the individual financial statements prepared for Local purposes results in a difference between the individual financial statements and the solvency report, of 1,687 thousands euro.

## Amounts recoverable from reinsurance – Fideuram Vita S.p.A.

The run-off of the reinsurance agreements with Fideuram Vita S.p.A. does not generate recoverable amounts.

## Amounts recoverable from reinsurance – Intesa Sanpaolo Life D.A.C.

The run-off of the reinsurance agreements with Intesa Sanpaolo Life D.A.C. does not generate recoverable amounts.

## Loans and receivables – Intesa Sanpaolo Vita Insurance Group

This item includes:

- "Mortgages and loans" relating to loans on Life policies for products that contain this clause in the insurance policy. No valuation differences emerged between the consolidated financial statements and the solvency report;
- "Insurance receivables from intermediaries" relating to receivables from direct insurance transactions with intermediaries, particularly the retail network of Intesa Sanpaolo or the financial advisers of Banca Fideuram, for Fideuram Vita. These last receivables are valued at nominal value without considering adjustments due to losses for uncollectable amounts. By their nature these receivables are due and payable in the short term and therefore the market value is in line with the related value as stated on the consolidated financial report. The difference of 1.2 million euro is a result of the cancellation of late premiums of Intesa Sanpaolo Assicura from the IAS/IFRS value, as they were already considered in the calculation of the technical provisions;
- "Reinsurance receivables" payable in the short term by the reinsurers. Also for these receivables, the market value is in line with the related value as stated in the consolidated financial report;
- "Receivables (commercial, non-reinsurance)" relating to non-insurance receivables such as interest, tax credits and other types of accounts receivable. The only difference between the value on the Local financial statements and the solvency report is due to the revaluation of the tax credits of Intesa Sanpaolo Life of approximately 1.6 million euro.

The data for the insurance group is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Loans and mortages | 5,610.8 | 5,610.8 | - |
| Insurance and intermediaries receivables | 8,632.4 | 10,763.1 | -2,130.7 |
| Reinsurance receivables | 1,321.0 | 3,559.5 | -2,238.5 |
| Receivables (trade, not insurance) | 2,364,175.5 | 2,365,433.4 | -1,257.9 |

## Loans and receivables – Intesa Sanpaolo Vita S.p.A.

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes, apart from the trade receivables item, for which there was a prudential valuation of the amount receivable in relation to taxes on the mathematical provisions, which led to an adjustment of 1.3 million euro on the solvency report.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Loans and mortages | 4,805.9 | 4,805.9 | - |
| Insurance and intermediaries receivables | 2,986.1 | 2,986.1 | - |
| Reinsurance receivables | 122.6 | 122.6 | - |
| Receivables (trade, not insurance) | 1,916,863.6 | 1,918,124.0 | -1,260.4 |

## Loans and receivables – Intesa Sanpaolo Assicura S.p.A.

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes, except for a sum of 2 million euro, which relates to late premiums. The Solvency value does not include that amount as it was considered in the calculation of the technical provisions.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Loans and mortages | - | - | - |
| Insurance and intermediaries receivables | 3,775.3 | 5,906.0 | -2,130.7 |
| Reinsurance receivables | 1,148.0 | 1,148.0 | - |
| Receivables (trade, not insurance) | 13,743.4 | 13,743.4 | - |

## Loans and receivables – Fideuram Vita S.p.A.

The valuation does not take into account the differences between the value recognised on the annual financial statements and the value for solvency purposes.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Loans and mortages | 804.9 | 804.9 | - |
| Insurance and intermediaries receivables | 1,871.0 | 1,871.0 | - |
| Reinsurance receivables | 50.0 | 50.0 | - |
| Receivables (trade, not insurance) | 421.7 | 421.7 | - |

## Loans and receivables – Intesa Sanpaolo Life D.A.C.

There is no difference in values recognised in the annual financial statements and values for solvency purposes

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Loans and mortages | - | - | - |
| Insurance and intermediaries receivables | - | - | - |
| Reinsurance receivables | - | - | - |
| Receivables (trade, not insurance) | 438,851.8 | 438,851.8 | - |

## Other assets – Intesa Sanpaolo Vita Insurance Group

This item includes all the assets residual to the above.

In detail they include “Cash and cash equivalents” and other assets not belonging to the items mentioned in the above paragraphs.

The valuation of the other financial reporting assets is based on the presumed realisation value. This approach is in line with the valuations made in the solvency report.

The differences compared to the consolidated financial reporting data are essentially due to the fact that in the solvency report, the other costs of acquisition of Fideuram Vita have been deleted as they are assimilated with intangible assets.

The data for the insurance group is as follows:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Cash and cash equivalents | 1,163,577.1 | 1,163,577.1 | - |
| Any other assets, not elsewhere shown | 669,746.6 | 734,444.2 | -64,697.6 |

For the individual companies there are no material differences between the figures on the individual financial statements prepared for Local purposes and the contents of the solvency report. The valuation method is therefore the same.

## Other assets - Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Cash and cash equivalents | 622,112.4 | 622,112.4 | - |
| Any other assets, not elsewhere shown | 33,984.3 | 33,984.3 | - |

## Other assets - Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Cash and cash equivalents | 36,501.3 | 36,501.3 | - |
| Any other assets, not elsewhere shown | 9,148.4 | 9,148.4 | - |

## Other assets – Fideuram Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Cash and cash equivalents | 393,306.7 | 393,306.7 | - |
| Any other assets, not elsewhere shown | 626,519.7 | 627,081.9 | -562.2 |

## Other assets – Intesa Sanpaolo Life D.A.C.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Cash and cash equivalents | 111,656.7 | 111,656.7 | - |
| Any other assets, not elsewhere shown | 94.2 | 94.2 | - |

# D.2 Technical provisions

## D.2.1 Valuation of technical provisions by Business Solvency Line

## D.2.1 Valuation of technical provisions by Business Solvency Line – Intesa Sanpaolo Vita Insurance Group

The technical provisions to 31st December 2017 were calculated in accordance with the Solvency II regulatory framework and the national implementing regulations.
The value of the technical provisions of the individual companies of the Intesa Sanpaolo Vita Insurance Group corresponds to the amount that the company would pay to transfer its insurance and reinsurance obligations to another insurer or reinsurer. The value of the Group's technical provisions is calculated using the arithmetical sum of the technical provisions of individual companies.

Methodologically speaking, the value of the technical provisions is equal to the sum of the following elements:
- the discounted sum of the cash flows that the Company expects to pay, net of those it expects to collect in future years (generally, the next 30 years are considered). This amount is called "Best Estimate";
- the risk margin, an additional component calculated to cover any inaccuracies in the estimate of the element referred to in the above paragraph.

The table below shows, for the Intesa Sanpaolo Vita Insurance Group, the total technical provisions on 31st December 2017 for the main areas of business, divided by Best Estimate and Risk Margin. It also shows the value of the amounts recoverable from the reinsurer following the "Counterparty Default Adjustment", relating only to the Non-life business and in particular to the Non-life company Intesa Sanpaolo Assicura.

*(euro millions)*

| Solvency Line of Business | BEL Net of Reinsurance | Reinsurance Recovarable | BEL Gross of Reinsurance | Risk Margin | Technical Provisions Gross of Reinsurance |
|---|---|---|---|---|---|
| **Non Life** | **552.6** | **13.0** | **565.6** | **40.0** | **605.6** |
| Non- Life (excluding Health) | 343.9 | 12.6 | 356.5 | 25.0 | 381.5 |
| Health (similar to Non-Life) | 208.6 | 0.4 | 209.1 | 15.0 | 224.0 |
| **Life (excluding Health,Index- linked and unit-linked)** | **76,459.9** | **-** | **76,459.9** | **344.5** | **76,804.4** |
| Health (similar to Life) | - | - | - | - | - |
| Life (excluding Health,Index- linked and unit-linked) | 76,459.9 | - | 76,459.9 | 344.5 | 76,804.4 |
| **Index linked and unit linked** | **72,007.9** | **-** | **72,007.9** | **345.6** | **72,353.5** |
| **Total amount** | **149,020.3** | **13.0** | **149,033.4** | **730.1** | **149,763.5** |

The amount of technical provisions, equal to 149,763.5 million euro, consists mainly of the Life business provisions, which represent 99.6% of the total. They can be divided into technical provisions for traditional policies (with-profits and pure risk) equal to 76,804.4 million euro, and technical provisions relating to index linked and unit linked policies, of 72,353.5 million euro. This last category also includes pension funds and the linked components of multiline policies.

Below is the value of the technical provisions with a distinction between the Best Estimate and risk margin (amounts in million euro) of the Group company divided by area of business.

## D.2.1 Valuation of technical provisions by Business Solvency Line – Intesa Sanpaolo Vita S.p.A.

*(euro millions)*

| Solvency Line of Business | BEL Net of Reinsurance | Reinsurance Recovarable | BEL Gross of Reinsurance | Risk Margin | Technical Provisions Gross of Reinsurance |
|---|---|---|---|---|---|
| Non- Life (excluding Health) | - | - | - | - | - |
| Health (similar to Non-Life) | 2.4 | - | 2.4 | - | 2.4 |
| Health (similar to Life) | - | - | - | - | - |
| Life (excluding Health,Index- linked and unit- linked) | 71,483.2 | - | 71,483.2 | 323.2 | 71,806.4 |
| Index linked and unit linked | 14,394.7 | - | 14,394.7 | 98.2 | 14,493.0 |
| **Total amount** | **85,880.4** | **-** | **85,880.4** | **421.4** | **86,301.8** |

With regard to the valuation methods, see the notes given with regard to Group level.

## D.2.1 Valuation of technical provisions by Business Solvency Line – Intesa Sanpaolo Assicura S.p.A.

*(euro millions)*

| Solvency Line of Business | BEL Net of Reinsurance | Reinsurance Recovarable | BEL Gross of Reinsurance | Risk Margin | Technical Provisions Gross of Reinsurance |
|---|---|---|---|---|---|
| Non- Life (excluding Health) | 343.9 | 12.6 | 356.5 | 25.0 | 381.5 |
| Health (similar to Non-Life) | 206.2 | 0.4 | 206.6 | 15.0 | 221.6 |
| **Total amount** | **550.2** | **13.0** | **563.2** | **40.0** | **603.2** |

With regard to the valuation methods, see the notes given with regard to Group level.

## D.2.1 Valuation of technical provisions by Business Solvency Line – Fideuram Vita S.p.A.

*(euro millions)*

| Solvency Line of Business | BEL Net of Reinsurance | Reinsurance Recovarable | BEL Gross of Reinsurance | Risk Margin | Technical Provisions Gross of Reinsurance |
|---|---|---|---|---|---|
| Life (excluding Health,Index- linked and unit- linked) | 4,976.7 | - | 4,976.7 | 21.3 | 4,998.0 |
| Index linked and unit linked | 26,241.6 | - | 26,241.6 | 112.4 | 26,354.0 |
| **Total amount** | **31,218.3** | **-** | **31,218.3** | **133.7** | **31,352.0** |

With regard to the valuation methods, see the notes given with regard to Group level.

## D.2.1 Valuation of technical provisions by Business Solvency Line – Intesa Sanpaolo Life D.A.C.

*(euro millions)*

| Solvency Line of Business | BEL Net of Reinsurance | Reinsurance Recovarable | BEL Gross of Reinsurance | Risk Margin | Technical Provisions Gross of Reinsurance |
|---|---|---|---|---|---|
| Index linked and unit linked | 31,371.5 | - | 31,371.5 | 135.0 | 31,506.5 |

With regard to the valuation methods, see the notes given with regard to Group level.

## D.2.2 Calculation methods and assumptions

### Best Estimate – Intesa Sanpaolo Vita Insurance Group

The methods used to calculate the Best Estimate as applied by the Intesa Sanpaolo Vita Insurance Group are described in the paragraphs below, relating to the individual companies.

## Best Estimate – Intesa Sanpaolo Vita S.p.A.

The Best Estimate, as defined in paragraph "D.2.1 Valuation of technical provisions by business line" may be calculated using deterministic or stochastic approaches, depending on the type of liabilities portfolio.

The stochastic approach refers to the fact that the flows are defined as an average of the flows calculated against an adequate number of differing market scenarios that give an average of the neutral market scenario at the risk considered to be most likely, while also picking up the expected volatility. This approach is used in particular if there are natural guarantees and contractual options that depend on the reference financial scenario.

The deterministic approach refers to valuations made against the neutral market scenario at the risk considered to be most likely.

More specifically, it should be noted that:

- for products or LoB in which the cash flows are not directly dependent on the volatility of market scenarios, the Best Estimate is calculated using the deterministic approach.
- Examples include *LoB Protection*, *Saving* policies without profit shares or guarantees, and unit linked products without guarantees.
- For products or LoB where the cashflows contain financial guarantees and contractual options (which do not move symmetrically with the market), the Best Estimate should be calculated using a stochastic approach.
- Examples include the Traditional products that offer guarantees or profit participation mechanisms.

The projections include all the potential inflows and outflows necessary to value the company's commitments for their entire duration, in line with the contractual limits pertaining to the contracts to which those amounts refer.

A non-exhaustive list of cashflows considered in the calculation of the Best Estimate includes:

- Payments of Life benefits and, in case of death, payments in case of redemption, payments of annuities;
- Costs of administration, costs for management of investments, claims liquidation expenses;
- Future premiums and other cash flows deriving from those premiums;
- Commission paid to the distribution networks;
- The costs paid to investment firms in relation to the management of assets, or to protection mechanisms underlying certain types of contract.

## Best Estimate – Intesa Sanpaolo Assicura S.p.A.

The Best Estimate calculation methodology includes:

- the Premium Provision Best Estimate calculation;
- the Claims Provision Best Estimate calculation.

The Premium Provision Best Estimate before the reinsurance calculation is obtained by adding the present value of the difference between future incoming and outgoing cash-flows with respect to future years.

Future cash outflows consist of:

- expected claims, with reference to both the unearned premium reserve and future premiums;
- expected operating expenses, with reference to both the unearned premium reserve and future premiums;
- expected premium refunds, with reference to the unearned premium.

Incoming future cash flows consist of future premiums, adjusted for any lapses.

The Claims Provision Best Estimate gross of reinsurance is made on the basis of an analysis of historical data for settled and reserved claims (gross of any recovery by reinsurers, net of indirect costs and of any recoveries from policyholders and third parties), aggregated by LoB. This data is needed to estimate the ultimate cost of claims through the method that best fits each homogeneous risk group. The estimated claims provision is run-off, through an appropriate run-off vector for each homogeneous risk group.

The Claim Provision Best Estimate before reinsurance is calculated as the sum, over future years, of the discounted cash flows described above.

The Premium Reserve Best Estimate net of reinsurance is the difference between the Premium Reserve Best Estimate before reinsurance and the Best Estimate of recoveries from reinsurers, inclusive of the adjustment for counterparty default risk.

## Best Estimate – Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita S.p.A.

## Best Estimate – Intesa Sanpaolo Life D.A.C.

See above, in relation to Intesa Sanpaolo Vita S.p.A.

## Risk Margin - Intesa Sanpaolo Vita Insurance Group

The risk margin is one of two components, together with the Best Estimate, of the technical provisions. It corresponds to the amount that guarantees that the value of the technical provisions is equivalent to the amount that the insurance and reinsurance companies would need in order to accept and honour their obligations.
The risk margin was calculated using the cost of capital approach, which consists of determining the current value of the cost paid by the company as a result of the capitalisation of own funds to cover the “non-hedgeable” risks throughout the duration of the contracts. The cost-of-capital rate is 6% as specified in Article 39 of the Delegated Act.

The risk margin was valued in accordance with the Solvency II directive, without using the adjustment for volatility for the calculation.

On 31st December 2017, the Risk Margin of the ISV Insurance Group amounted to 730.1 million euro.

## Operational scenarios – Intesa Sanpaolo Vita Insurance Group

One of the inputs needed for the calculation of technical provisions is the operational scenarios which include the non-economic factors that influence the calculation of the Best Estimate.

The operational assumptions were valued in accordance with the contractual limits, if present, in the various portfolios; they mainly impact on:

- The policyholders' exercise of contractual options that modify the policy terms and the resulting cash flows (for example the option to convert into an annuity);
- The frequency and value of the insured events (for example the operational factor relating to redemptions and mortality);
- Technical scenarios relating to the Non-life business (such as the definition of the loss ratio).

The Life companies have also expressly defined an inflation scenario for the calculation of the Best Estimate, in reference to key market data.

### Operational scenarios- Intesa Sanpaolo Vita S.p.A.

The main operational scenarios considered by Intesa Sanpaolo Vita in the calculation of the Best Estimate are the redemption scenario (including partial redemption), the interruption of premium payments for annual premium and single premium recurring policies, mortality, expenditure, automatic deferral of maturity, conversion into annuity and subrogation on policies covering loans and mortgages (Personal Protection Insurance or PPI).

### Operational scenarios - Intesa Sanpaolo Assicura S.p.A.

The main operational scenarios considered for the purposes of calculating the Best Estimate include the "Loss Ratio"), the "Expense Ratio", early redemption rates (with or without reimbursement of unused premium), future expected written premiums, the average rate for the sale of premiums, claims and commissions of the reinsurer.

### Operational scenarios - Fideuram Vita S.p.A.

The main operational scenarios considered in the calculation of the Best Estimate by Fideuram Vita are: redemption, mortality/longevity, costs, conversion into an annuity, interruption to premiums payments and age on retirement for the Insurance Pension Fund. Compared to the valuation on 31st December 2016 the company included the additional payment option in the calculation of the Best Estimate.

### Operational scenarios - Intesa Sanpaolo Life D.A.C.

The main operational scenarios considered in the calculation of the Best Estimate by Intesa Sanpaolo Life are the lapse (including partial redemption), mortality and expense.

### Financial scenarios - Intesa Sanpaolo Vita Insurance Group

For the valuation on 31st December 2017 the Group companies used the risk-free rate curve published by EIOPA. Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 4 bps, corresponding to EIOPA's adjustment on 31st December 2017. For more information see paragraph "D.2.5 Transitional measures and long-term guarantee measures".

## Principal methodological changes during the reporting period - Intesa Sanpaolo Vita Group

Compared to the previous valuation of 31st December 2016, the following should be noted for the company Intesa Sanpaolo Vita:

- the introduction of the new actuarial MG-ALFA projection model (owned by Milliman), a customised solution;

- the reinforcement of Future Management Measurement scenarios;
- the introduction of a new economic scenarios generator, which enables greater convergence;
- the modelling of a Pension Fund previously valued by a simplified approach.

With reference to the derivation of the scenarios, various refinements have been introduced to ensure greater quality of the data underlying the derived scenario, and methodological improvements have been made.

For Intesa Sanpaolo Assicura, the following operational scenarios were defined with reference to calculation of the Best Estimate of the Premiums Reserve:

- an early redemption rate without reimbursement of premium;
- an assigned premium rate, for non-proportional agreements.

The method used for derived scenarios about expected future premiums has also been refined.

For Intesa Sanpaolo Life there was a methodological change in the derivation of expense assumptions and the modelling of related cash flows; the liquidation costs are no longer considered in the derivation of per-policy operating costs, but they are dealt with and modelled separately.

With regard to Fideuram Vita it should be noted that in relation to the valuation on 31st December 2016 and in addition to what was mentioned above in relation to the economic scenarios determined by the insurance parent company, various refinements were made in connection with the derivation of scenarios. Scenarios were introduced on additional premium payments, after evaluating the redemption scenario also taking into account the amounts paid by way of partial redemption, and the model used to determine the cost scenarios was also refined.

## Expected profits included in future premiums

The EPIFP value is estimated as the difference between the Best Estimate calculated by zeroing the recurring premiums and payments of additional future premiums if applicable, and the stochastic best estimate calculated in the Best Estimate scenario. As required by Article 260(3) of the Delegated Acts, the valuation is carried out for each identical risk group, using the following formula:

$$\mathrm{EPIFP} = \sum_{\mathrm{i}} \max\{0; \Delta\mathrm{BEL}_{\mathrm{i}}\}$$

For the Life business, the following table shows the value of the EPIFP for Intesa Sanpaolo Vita and Fideuram Vita. For Intesa Sanpaolo Life, the business is mainly characterised by single premium policies: the residual part relating to recurring premiums is not considered in calculating the EPIFP as it goes beyond the perimeter of the contractual limits and is not modelled in the best estimate calculation.

| Company | EPIFP |
|---|---|
| Intesa Sanpaolo Vita | 438.0 |
| Fideuram Vita | 58.0 |

For the Non-life business, the expected profits from future premiums were valued, within the valuation of the premiums best estimate, by considering the future premiums that the Company will collect from existing policies on the valuation date, or the future premiums considered in the

best estimate of the premiums provision. These profits were estimated by considering as one the complement of the estimated combined ratio for future years, and considering the discounting effect. The total positive expected profits from future premiums, considering only the business lines with a prospective combined ratio of less than 1, is not relevant to the total premiums best estimate: specifically, for the valuation to 31st December 2017 the total EPIFP for Intesa Sanpaolo Assicura is 8.75 million euro.

## Future Operational Measurements

The calculation of the Best Estimate and of expected future cash flows in general, takes into account specific assumptions regarding the future operational measurements.

Future operational measurement refers to any action by the insurer that is currently expected or can reasonably be implemented in the future, deriving from a contractual, statutory, commercial or other option.

The assumptions on future operational measurements are formulated by the companies, who use them in a Plan approved annually by the executive body, and used as a basis for calculating the Best Estimate.

The main measurements refer to the management of the with-profits portfolio, and relate to:

- realisation strategies that represent the result of a predefined sequence of checks on cash flow mismatch, asset allocation, profit target and priority of sale of assets in portfolio;
- reinvestment policies;
- the management of potential overcoverage of assets compared to related liabilities.

## Policyholders' behavioural dynamics

Below are details of the method used by the parent company Intesa Sanpaolo Vita which govern the estimate of potential behavioural dynamics by policyholders, relating to the exercise of the redemption option on the Company's with-profits portfolios.

Specifically, at each stage in the projection, the parent company forecasts a change in the percentage of redemptions, if there is a significant difference between the revaluation of the benefits and an appropriate rate of return assumed as a market benchmark. If this occurs the change translates into an increase or reduction in the frequency of the basic redemption (Best Estimate) depending on whether the above difference is negative or positive.

After carrying out an analysis in this regard, Fideuram Vita found that the correlation between the trend in the redemptions on its portfolio compared to the market trends was not at a level that would affect the basic scenario (Best Estimate).

For the other Group companies the policyholders' behavioural dynamics were not significant.

## Comparison between the IAS/IFRS consolidated accounting provisions and the Solvency II provisions – Intesa Sanpaolo Vita Group

The table below contains a comparison between the technical provisions on the IAS/IFRS consolidated accounts and the Solvency II provisions for the Intesa Sanpaolo Vita Group.

*(euro millions)*

| Solvency Line of Business | Solvency II value | Consolidated financial statement | Difference | Risk Margin |
|---|---|---|---|---|
| **Non- Life** | **605.6** | **677.0** | **-71.5** | **40.0** |
| Non- Life (excluding Health) | 381.5 | 436.5 | -55.0 | 25.0 |
| Health (similar to Non-Life) | 224.0 | 240.5 | -16.5 | 15.0 |
| **Life (excluding Index- linked and unit- linked)** | **76,804.4** | **76,095.8** | **708.6** | **344.5** |
| Health (similar to Life) | - | - | - | - |
| Life (excluding Health,Index- linked and unit-linked) | 76,804.4 | 76,095.8 | 708.6 | 344.5 |
| **Index linked and unit linked** | **72,353.5** | **74,228.6** | **-1,875.2** | **345.6** |
| **Other Provisions** | **-** | **1.4** | **-1.4** | - |
| **Total amount** | **149,763.5** | **151,002.9** | **-1,239.4** | **730.1** |

The provisions for outstanding claims as of 31st December 2017 are not included in the BEL estimate.

## Difference between the individual accounting provisions and the Solvency II provisions – Intesa Sanpaolo Vita S.p.A.

The company's Actuarial Function has made an analysis which goal is to square the two measures. This analysis has like starting point the Solvency II technical provisions at 31st December 2017 and like final point the amount of the local technical provisions at 31st December 2017.

The aim of the square of the items is to identify and to analyze the main factors that have determined the difference. The analysis of the portfolio did not show any critical issue, that confirm the coherence between the technical provisions of the Financial Statements and the Best Estimates of the Solvency II Financial Statements. The difference of reconciliation was irrelevant.

## Difference between the statutory accounting provisions and the Solvency II provisions - Intesa Sanpaolo Assicura S.p.A.

### Premium Provisions

The differences between the Local Premium Provisions and the Best Estimate relating to the Premium Provisions at 31st December 2017 are mainly allocated to the different methodological approach applied to calculate the liabilities in which, according to the Solvency II regulation, the current value of the future profits is taken into account.

### Claims Provisions

The difference in claim provisions between the local Gaap and the Solvency II Financial Statement is due to the cash flows discount.

Starting from the local gaap provision, in order to obtain the Solvency II Claim Provision, the hypothesis described above are applied.

## Difference between the statutory accounting provisions and the Solvency II provisions – Fideuram Vita

Fideuram Vita applied the same methodology of Intesa Sanpaolo Vita S.p.A..

## Difference between the statutory accounting provisions and the Solvency II provisions – Intesa Sanpaolo Life D.A.C.

The difference between the Local Gaap and the Solvency II approach is due to the present value of future profits. Intesa Sanpaolo Life's Portfolio is mainly composed by Unit Linked products whose technical provisions are calculated in the IAS/IFRS financial statements as the fair value of shares at the valuation date. In the Solvency II approach, the valuation is based on the projection of the cash flows of the future profits.

## D.2.3 Simplifications used in calculating technical provisions

## D.2.3 Simplifications used in calculating technical provisions - Intesa Sanpaolo Vita Insurance Group

For the purposes of calculating the Best Estimate to 31st December 2017, the main simplifications are:

- For the Life companies, the provision to reinsurance has been left out of the calculation of the technical provisions as it is not material; therefore, the Best Estimate net of reinsurance has been considere, equal to the Best Estimate inclusive of reinsurance;
- for Intesa Sanpaolo Vita, the part of the portfolio represented by the LoB III component of personal pension plans (PIP) was only partially modelled and the Best Estimate for this sub-portfolio was calculated by re-proportioning it, based on the value of the BEL in the LoB III component of the modelled policies; the part of the portfolio that is co-insured with Poste Vita was determined by a simplified method, using appropriate reproportioning measures, as was done for the previous valuations;
- For Intesa Sanpaolo Assicura, the future earned premiums are entered as equal to future issued premiums;
- For Fideuram Vita, the Fideuram Pension Fund was modelled entirely on a deterministic approach, also including the guaranteed component, considering that the related amount is of limited materiality.

For the purpose of calculating the Risk Margin, given the potential complexity inherent in this calculation, the Directive allows companies to use simplified methods. As stated in Article 60 of Regulation No. 18, the valuation may be made by using simplifications and approximations of the individual risks or certain risks used to calculate the future SCR, within the various modules or submodules.

For the valuation on 31st December 2017, all the Group companies (except Intesa Sanpaolo Life) calculated the risk margin according to the Level 2 simplification indicated in Annex 4 of Regulation No. 18 and the EIOPA Guidelines on the calculation of technical provisions based on the assumption that the solvency capital requirements for each future year is in proportion to the Best Estimate. Intesa Sanpaolo Life has relied on the Level 1 simplification which estimates

the individual risks or sub risks within all or some of the modules and submodules to be used in calculating the future solvency capital requirements.

## D.2.4 Level of uncertainty associated with the value of technical provisions

## D.2.4 Level of uncertainty associated with the value of technical provisions – Intesa Sanpaolo Vita Insurance Group

The technical provisions are calculated on the basis of the projection of the current portfolio volumes on the valuation date, which is done on the basis of appropriate financial-economic and technical-operational scenarios that may be accurate but may differ from the real situation in the future and therefore generate a degree of uncertainty in the calculation. The tasks of the Actuarial function, as provided for by Art. 272 (1.b) of Delegated Regulation (EU) 2015/35, also include the task of assessing the uncertainty associated with calculating technical provisions.

It is standard practice to carry out sensitivity tests to assess the uncertainty associated with calculating the provisions by measuring the impact on the final results of any changes to the scenarios, in order to understand how sensitive, the valuation is, to potential differences that could occur in individual cases. With reference to the assumptions formulated within Solvency II, the BEL may be affected by changes in external factors such as volatility of rates, or macroeconomic factors, and internal factors such as redemptions, mortality and costs.

At methodological level, a minimum sensitivity set has been identified to explain the main factors of uncertainty at Group level, found in the BEL calculation. Each company is able to carry out additional sensitivity tests depending on the specific nature of individual portfolios and, if considered appropriate, they also analyse the results of the stress tests used in the Standard Formula to calculate the solvency capital requirement.

Below is the sensitivity set, individually and in aggregate form for the Companies that predominantly operate in the Life business, and individually for the Non-life company, as well as the impact in terms of the BEL delta. Regarding the valuations for Intesa Sanpaolo Vita, the sensitivities were not calculated on the non-life part of the portfolio, as this is not significant.

**Life Business**

Economic sensitivities:

- an increase/decrease in the interest rates curve of 100bps;
- a decrease of 100 bps in the interest rates curve (with no floor for negative rates);
- an increase in the interest rate volatility factor, of 10 bps
- a 10% fall in the value of shares

Operational sensitivities:

- a 10% increase in the redemption rates;
- a 10% increase in the amount of costs and a 1% increase in the rate of inflation (as per the Standard Formula);
- a 15% increase in mortality rates (as per the Standard Formula);
- deactivated dynamic redemption rule.

The sensitivity tests showed that the BEL are more sensitive to a change in the interest rate compared to the other market factors; regarding the operational sensitivities, the impacts were

not of great significance: in general, operational factors do not have a significant impact, as compensatory effects exist.

For the non-life company Intesa Sanpaolo Assicura, the level of uncertainty associated with the value of the technical provisions was valued by carrying out a sensitivity test on the value of the Best Estimate for the premiums provision and on the value of the Best Estimate for the claims provision.

In order to estimate the volatility of the Best Estimate for the premiums provision, the following scenarios were considered, and were obtained by placing separate, simultaneous stressors on the following factors:

- a 5% change (increase or decrease) in the prospective claims to premiums ratio ("Loss Ratio");
- a 1.5% change (increase or decrease) in the early redemption rate, with reimbursement of the unused premium.

For the valuation on 31st December 2017 an asymmetrical impact was recorded if there was a favourable rather than an unfavourable scenario for the company.

To evaluate the volatility of the Best Estimate Claims provision as of 31st December 2017, an actuarial method was applied with the aim of estimating the distribution of the provision for each LoB, based on appropriate scenarios.

To estimate the uncertainty of the key factors, the change in the BEL for the whole portfolio was examined in the event of changes in risk factors identified at Group level.

For the economic scenarios, the sensitivity tests show that the BEL are sensitive to a change in the interest rates curve (especially for the with-profits portfolio and unit linked products with guarantee), and to a reduction in the value of the share portfolio (particularly for the unit linked portfolio).

In addition to the Group methodologies, the Company evaluated the impact of an upwards change of 2 years in the pension age, for the Open Pension Fund.

For the operational scenarios, the impact in terms of BEL was limited, for all the sensitivity tests.

No critical issues emerged from the uncertainty test.

## D.2.5 Transitional measures and long-term guarantee measures

## D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Vita Insurance Group

For the valuation on 31st December 2017, Intesa Sanpaolo Vita and Fideuram Vita used a volatility adjustment of 4 bps, corresponding to EIOPA's adjustment on 31st December 2017.

## D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Vita S.p.A.

The interest rate term structure was subjected to an adjustment for volatility, on the risk-only policies and on the Separate Management portfolios, including the LoB III component relating to the modelled multiline pension policies.

The table below shows the impact of the volatility adjustment in terms of BEL, Risk Margin, Technical Provisions, Eligible Own Funds, SCR, MCR and Solvency Ratio:

*(euro million)*

| | BEL | Risk Margin | Technical Provisions | Eligible Own Funds* | Solvency Capital Requirement | Minimum Capital Requirement | Solvency Ratio |
|---|---|---|---|---|---|---|---|
| No Volatility Adjustment | 85 | - | 85 | -59 | 83 | 37 | -10% |

** Eligible to meet the Solvency Capital Requirement*

If the adjustment is zeroed for volatility, the Solvency Ratio would fall by 10 bps to 245%, but in any case would be well above the 100% threshold.

The numbers in the table refer to the company's entire portfolio however impact is mainly attributable to the segregated funds, as the adjustment for volatility is not applied to the pension fund portfolio or to the unit linked policies portfolio.

## D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Assicura S.p.A.

The company does not hold long-term guarantees.

## D.2.5 Transitional measures and long-term guarantee measures - Fideuram Vita S.p.A.

The volatility adjustment is applied to the interest rates maturity structure but only for the valuation of with-profits policies.

The table below shows the impact of the volatility adjustment in terms of Best Estimate, Risk Margin, Technical Provisions, Eligible Own Funds, Minimum Capital Requirement and Solvency Ratio:

*(euro million)*

| | BEL | Risk Margin | Technical Provisions | Eligible Own Funds* | Solvency Capital Requirement | Minimum Capital Requirement | Solvency Ratio |
|---|---|---|---|---|---|---|---|
| No Volatility Adjustment | 9 | - | 9 | -6 | 2 | 1 | -2% |

** Eligible to meet the Solvency Capital Requirement*

If the adjustment is zeroed for volatility, the Solvency Ratio would fall by 2 percentage points to 169 bps, but in any case would be well above the 100% threshold.

## D.2.5 Transitional measures and long-term guarantee measures - Intesa Sanpaolo Life D.A.C.

The company does not hold long-term guarantees.

## D.2.6 Amounts recoverable from reinsurance and SPV contracts

## D.2.6. Amounts recoverable from reinsurance and SPV contracts – Intesa Sanpaolo Vita Insurance Group

The provisions assigned to reinsurance are commented on in the paragraphs below, about the individual companies.

## D.2.6 Amounts recoverable from reinsurance and SPV contracts - Intesa Sanpaolo Vita S.p.A.

For Intesa Sanpaolo Vita and the other Life companies, the provision to reinsurance has been left out of the calculation of the technical provisions as it is not material; therefore the Best Estimate net of reinsurance has been included, equal to the Best Estimate valued inclusive of reinsurance.

## D.2.6 Amounts recoverable from reinsurance and SPV contracts - Intesa Sanpaolo Assicura S.p.A.

In calculating the Best Estimate, the recoverable amount from reinsurance are determined as follows:

- in calculating the Best Estimate of the premiums provision, the amounts recoverable from the reinsurer are the difference between:
    - the claims generated from the provision for partial premiums, future premiums and reimbursements assigned to reinsurance;
    - the premiums transferred to the reinsurer

to which the following elements are added:

- the commission received from the reinsurer.
- in calculating the Best Estimate of the claims provision, the amounts recoverable from the reinsurer are the sum of:
    - claims assigned for non-proportional arrangements;
    - claims assigned for proportional arrangements.

## D.2.6 Amounts recoverable from reinsurance contracts and SPV – Fideuram Vita S.p.A.

See above, in relation to Intesa Sanpaolo Vita.

## D.2.6 Amounts recoverable from reinsurance and SPV – Intesa Sanpaolo Life D.A.C.

See above, in relation to Intesa Sanpaolo Vita.

# D.3 Other liabilities

## D.3 Other liabilities – Intesa Sanpaolo Vita Insurance Group

The aim of this paragraph is to specify additional liabilities in the solvency report that contribute to the total of the Liabilities, together with the Best Estimate of the technical provisions.

## Provisions other than technical provisions - Intesa Sanpaolo Vita Insurance Group

This item refers to the provisions for risks and charges, and the provision for taxes.

There are no differences between the valuations made for the purposes of the consolidated IFRS accounts and the Solvency II value, as the valuation models are fully aligned and it will only be reported where:

- a company has a current obligation deriving from past events;
- it is probable that funds will need to be used to liquidate the obligation;
- it is possible to make a reliable estimate of the amount of the obligation.

The data for the insurance group is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Provisions other than technical provisions | 15,452.2 | 15,452.2 | - |

The application of the Solvency II valuation methods did not lead to a difference in value for the individual companies compared to the valuation done in accordance with the principles of the Local financial reports.

## Provisions other than technical provisions - Intesa Sanpaolo Vita S.p.A.

In the statutory context, provisions for risks and charges are intended to cover year-end losses or liabilities whose nature is known, certain or probable, and whose amount or date is indeterminate. Provisions for risks and charges may not be used to correct the values of the asset items. When valuing these items the company takes into consideration the general principles of financial reporting with particular regard to the principles of prudence and accrual basis.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Provisions other than technical provisions | 8,708.8 | 8,708.8 | - |

## Provisions other than technical provisions - Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Provisions other than technical provisions | 170.0 | 170.0 | - |

## Provisions other than technical provisions - Fideuram Vita S.p.A.

The changes are due to the reversal of the residual value of a provision for risks entered in the financial statements prepared according to the National accounting standards, as the conditions of IAS 37 did not exist.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Provisions other than technical provisions | 2,334.8 | 2,831.6 | -496.8 |

## Provisions other than technical provisions - Intesa Sanpaolo Life D.A.C.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Provisions other than technical provisions | 4,238.5 | 4,238.5 | - |

## Pension liabilities – Intesa Sanpaolo Vita Insurance Group

This item includes the liabilities for post-employment benefits, length of service bonuses and medical care benefits paid to directors and their families after the termination of a contract of employment.

In the context of Solvency II, considering the complexity deriving from the use of valuation rules based on actuarial scenarios in order to estimate the discounted value of the benefits accruing to the employee for services rendered, IAS 19 is applied but without the corridor approach, to prevent companies from obtaining results that differ depending on the rules chosen for the recognition of actuarial gains and losses. The International accounting standard was applied to the post-employment benefits, length of service bonuses and medical care for directors.

In connection with Solvency II, the Group recorded a liability related to employee benefits but compared against the total IFRS provisions, this did not generate any valuation differences.

The data for the insurance group is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Pension benefit obligations | 10,070.6 | 10,070.6 | - |

## Pension liabilities - Intesa Sanpaolo Vita S.p.A.

According to the statutory rules on financial reporting, the length of service bonuses contained in the item “Severance pay” are determined in accordance with Art. 2120 civil code, and the current national and supplementary contracts in force on the reporting date applicable to each case, as well as considering all forms of ongoing remuneration.

The Solvency valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 2,949 thousands euro.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Pension benefit obligations | 5,321.7 | 2,372.8 | 2,948.9 |

## Pension liabilities - Intesa Sanpaolo Assicura S.p.A.

The Solvency valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 444 thousands euro.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Pension benefit obligations | 866.1 | 422.2 | 443.9 |

## Pension liabilities - Fideuram Vita S.p.A.

The Solvency valuation deriving from the application of IAS 19 generated a revaluation of the liability amounting to 2,016 thousands euro.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Pension benefit obligations | 3,882.8 | 1,867.0 | 2,015.8 |

## Pension liabilities - Intesa Sanpaolo Life D.A.C.

The company has no liability to record under this heading.

## Deferred tax liabilities – Intesa Sanpaolo Vita Insurance Group

In relation to the numerical and methodological findings concerning deferred tax liabilities, refer to the contents of paragraph D.1 (Deferred tax assets) for each company.

## Deposits from reinsurers - Intesa Sanpaolo Vita Group

The valuation, which recognises the nominal value, does not result in any differences between the value recognised in the annual financial statements and the value for solvency purposes. It relates only to Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Deposit from reinsurers | 2,558.7 | 2,558.7 | - |

## Financial liabilities – Intesa Sanpaolo Vita Insurance Group

This category consists of:

- Derivatives
- Payables to banks.

Financial derivatives are only used in order to reduce the investment risk and to achieve an efficient management of the securities portfolio, with the exclusion of purely speculative aims. Hedging derivatives contracts are valued in line with the hedged assets and liabilities.

According to the Solvency II regulations, derivatives have to be valued at market value according to the valuation methods contained in paragraph D.1 of this Report. With regard to the item “Payables to credit institutions”, the Solvency II framework prescribes that they are valued in line with IFRS/IAS, on condition that these principles include valuation methods that are consistent with the valuation approach contained in Article 75 of European Directive 138/2009. The valuation takes place without any adjustment to take account of the change in the company’s credit rating after the initial recognition.

As can be seen from the following table, for these items, the application of Solvency valuation methods does not generate any differences compared to the valuation made in accordance with IFRS.

The data for the insurance group is given below:

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Derivatives | 66,641.8 | 66,641.8 | - |
| Debts owed to credit insitutions | 2,080.7 | 2,080.7 | - |

## Financial liabilities - Intesa Sanpaolo Vita S.p.A.

With regard to the derivatives, the revaluation at fair value leads to a difference of 2 million euro compared to the statutory figure.
No differences are found for the valuation of amounts payable to credit institutions, the Local valuation of which is in line with the Solvency II valuation.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Derivatives | 66,641.8 | 68,634.4 | -1,992.6 |
| Debts owed to credit insitutions | 2,080.7 | 2,080.7 | - |

## Financial liabilities - Intesa Sanpaolo Assicura S.p.A.

The company has not recorded any financial liability in relation to this item on its financial report.

## Financial liabilities for Fideuram Vita S.p.A.

The company has not recorded any financial liability in relation to this item on its financial report.

## Financial liabilities - Intesa Sanpaolo Life D.A.C.

The company has no liability to record under this heading

## Other liabilities – Intesa Sanpaolo Vita Insurance Group

This category consists of the following items:

- Amounts payable to insurers and intermediaries;
- Reinsurance payables;
- Payables (trade, non-insurance);
- All the other liabilities not indicated elsewhere.

The valuation criteria used for these items, on the consolidated accounts prepared according to the IAS, are considered to be consistent with the Solvency II framework, for both the Group and for the individual companies.

The item “Amounts payable to insurers and intermediaries” is made up of liabilities to insured persons, insurance brokers deriving from relations with the sales network represented by the retail banks, and to insurance companies, in relation to the debit balances of the coinsurance accounts. The difference relating to this item, of 352 million euro, is due to the cancellation of the “Deferred Income Liabilities” of Intesa Sanpaolo Life. As this is an intangible liability it is valued at zero in the solvency report.

The “Reinsurance liabilities” are composed of the balance of technical accounts of transfers to the reinsurers.

The item “Trade payables, non-insurance” includes amounts payable to employees, suppliers, public bodies and other counterparties which do not relate to the insurance business.
The item “Other liabilities not reported elsewhere” includes all liabilities not included in other balance sheet items. The difference of 7 million euro for this item is essentially due to the fact that on the consolidated financial statements the item includes the value of the provision for deferred profits (DIR). In accordance with ISVAP Regulation No. 7/2007, this was classified under Other liabilities, compared to the solvency report, where it is recognised at zero as it is an intangible liability.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Insurance & intermediaries payables | 892,134.8 | 1,244,308.2 | -352,173.4 |
| Reinsurance payables | 1,629.7 | 3,868.6 | -2,238.9 |
| Payables (trade, not insurance) | 777,960.0 | 777,960.0 | - |
| Any other liabilities, not elsewhere shown | 520,321.0 | 513,610.2 | 6,710.8 |

## Other liabilities – Intesa Sanpaolo Vita S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Insurance & intermediaries payables | 470,843.6 | 470,843.6 | - |
| Reinsurance payables | 11.8 | 11.8 | - |
| Payables (trade, not insurance) | 580,272.0 | 580,189.0 | - |
| Any other liabilities, not elsewhere shown | 182,531.8 | 182,531.8 | - |

## Other liabilities – Intesa Sanpaolo Assicura S.p.A.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Insurance & intermediaries payables | 8,232.2 | 8,232.2 | - |
| Reinsurance payables | 1,601.5 | 1,601.5 | - |
| Payables (trade, not insurance) | 39,712.3 | 39,702.7 | 9.5 |
| Any other liabilities, not elsewhere shown | 1,627.4 | 1,627.4 | - |

## Other liabilities – Fideuram Vita S.p.A.

For Fideuram Vita there was just one difference, relating to the adjustment to fair value of the marginal value of a liability for a Risk Takers bonus plan.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Insurance & intermediaries payables | 288,528.5 | 288,528.5 | - |
| Reinsurance payables | - | - | - |
| Payables (trade, not insurance) | 10,983.6 | 10,983.6 | - |
| Any other liabilities, not elsewhere shown | 294,376.7 | 294,350.2 | 26.5 |

## Other liabilities – Intesa Sanpaolo Life D.A.C.

The difference relating to the item “Amounts payable to insurers and intermediaries”, of 352 million euro, is due to the cancellation of the “Deferred Income Liabilities”. As this is an intangible liability, it is valued at zero in the solvency report

In relation to the item “Other liabilities not reported elsewhere”, the difference of 33 million euro is due to the valuation in the solvency report of the future cost of taxes on claims.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Insurance & intermediaries payables | 124,530.6 | 476,763.2 | -352,233.6 |
| Reinsurance payables | 16.4 | 16.4 | - |
| Payables (trade, not insurance) | 153,615.9 | 153,615.9 | - |
| Any other liabilities, not elsewhere shown | 41,785.1 | 8,643.5 | 33,141.6 |

## Subordinated liabilities – Intesa Sanpaolo Vita Insurance Group

This category consists of the subordinated liabilities issued by Intesa Sanpaolo Vita and by Fideuram Vita, the amount of which is partially recognised under own funds.

When valuing the subordinated liabilities, the individual and group companies use methods of determining the value of which those liabilities can be transferred or settled between informed, consenting parties in an operation carried out at normal market conditions without considering any adjustments that will take into account changes in the credit rating of the company after initial recognition.
With regard to the valuation for the purposes of the consolidated financial accounts, the subordinated liabilities are entered at the amortised cost.
Due to the different valuation approach in the two systems, the Insurance Group has recorded a difference of 12,818 thousands euro.

*(euro thousands)*

| | Solvency II value | Consolidated financial statement | Impact on Reconciliation reserve |
|---|---|---|---|
| Subordinated liabilities | 2,084,456.4 | 2,071,638.6 | 12,817.7 |

Compared to the previous year, the total value of subordinated liabilities has increased by 45%. This is mainly the result of a new bond issued by Intesa Sanpaolo Vita in July 2017 with a nominal value of 600 million euro.

## Subordinated liabilities - Intesa Sanpaolo Vita S.p.A.

The subordinated liabilities of 1.940 million euro according to the Solvency valuation refer to a series of subordinated loans granted by the company in various tranches from 1999 onwards. The final tranche was issued on 17th December 2014 with a nominal value of 600 million euro and a term of 10 years. In the classification of the basic own funds this item is classified in Tier 2.

There are various subordinated loans with the option of early repayment, after authorisation by the regulator. There are two subordinated loans maturing. The first has an issue date of 18th September 2013 and a duration of 5 years with a nominal value of 500 million euro. The second has an issue date of 30th December 2008, with a term of 10 years and a nominal value of 30 million euro. Both will expire during 2018. In the classification of the basic own funds these two loans are classified in Tier 2.

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Subordinated liabilities | 1,939,953.3 | 1,931,858.0 | 8,095.2 |

Below is a summary of the Company's main subordinated loans:

- Subordinated non-convertible 5-year bond issued on 18/9/2013 for 500 million euro (ISIN: XS0972240997);

- Subordinated non-convertible bond with indeterminate maturity, which can be called on expiry of the 10th year, issued on 17/12/2014 for 750 million euro (ISIN: XS1156024116);
- Subordinated non-convertible 10-year bond issued on 21/07/2017 for 600 million euro with Intesa Sanpaolo S.p.A.;

## Subordinated liabilities for Intesa Sanpaolo Assicura S.p.A.

The company has not issued subordinated liabilities.

## Subordinated liabilities – Fideuram Vita S.p.A.

On 29th September 2017, the Company applied to the regulator for authorisation for the early reimbursement of this loan, of 85 million euro, in accordance with Art. 73(1)(d) of the Delegated Regulation (EU) 2015/35 of the Commission, and IVASS Regulation no. 25 of 26 July 2016. At the same time, it declared its intention to take out a new subordinated loan of 145 million euro, to bring the finance rate into line with the current, more favourable market conditions and also to strengthen its own funds and thus the solvency requirement deriving from the new subscription.

After considering the application (Art. 73(1)(d) of the Delegated Regulation 2015/35 of the Commission and IVASS Regulation o. 25 of 26th July 2016, the regulator found that the conditions necessary to authorise the loan's reimbursement had been met, and on 28th November 2017 (ref. 0216357/17) it gave notice of its consent.

The subordinated liabilities of 144.7 million relate to a subordinated loan granted by Intesa Sanpaolo on 18th December 2017, expiring on 18th December 2027, with a fixed nominal annual rate of 2.8%. The loan terms allow the Company, after authorisation by the regulator, to obtain early reimbursement in full or in part, starting from the end of the fifth year or later, on each interest payment date. Based on the subordination conditions, the loan refers to the provisions of Article 44 and 45 of Legislative Decree 209/2005. Therefore, if the company is liquidated the loan would be at a lower level compared to the claims of all the other creditors and it will only be reimbursed if all the other liabilities outstanding on the date of liquidation have been repaid. However, it would have a pre-emption over the company's shareholders. The subordinated loan was considered suitable for inclusion in the own funds to cover the solvency requirements (Article 45 a of the Code) and the minimum capital requirement (Article 47 a of the Code).

*(euro thousands)*

| | Solvency II value | Statutory accounts value | Impact on Reconciliation reserve |
|---|---|---|---|
| Subordinated liabilities | 144,708.3 | 145,000.0 | -291.7 |

## Subordinated liabilities - Intesa Sanpaolo Life D.A.C.

There are no subordinated liabilities for Intesa Sanpaolo Life.

# D.4 Alternative valuation methods

## D.4 Alternative valuation methods - Intesa Sanpaolo Vita Insurance Group

The Intesa Sanpaolo Group regulates and formalises the fair value valuation of financial instruments using the Group Fair Value Policy. This document is prepared by the Financial and Market Risks Department, and its application extends to the parent company and to all the subsidiaries in the consolidation area.

The Insurance Group companies have outsourced the pricing of the bonds to the parent company Intesa Sanpaolo, which carries out its valuations in accordance with the Fair Value Policy.

The existence of official prices on an active market is the best evidence of their value. Those prices thus represent the prices used on a priority basis for the valuation of financial assets and liabilities in the trading portfolio. In the absence of an active market, the fair value is determined by using valuation techniques intended to establish, ultimately, the price that the product would have had on the valuation date in an unrestricted trade motivated by normal commercial considerations. These techniques include:

- the reference to market values indirectly linked to the instrument to be valued, deduced from products with a similar risk profile;
- valuations made by using, entirely or partially, input not taken from market-observable parameters, for which recourse is made to estimates and assumptions made by the valuer.

The choice of these methods is not optional, as they have to be applied in hierarchical order: the availability of a price on an active market means that the other valuation approaches cannot be used.

The use of a valuation technique is intended to estimate the price at which an asset would be sold or a liability would be transferred between market operators on the valuation date under current market conditions. Three widely-used valuation techniques are the market valuation method, the cost method and the income method. Valuation techniques that reflect one or more of these methods are used to obtain the fair value. Although multiple valuation techniques are used to value the fair value, the results have to be assessed by considering the reasonableness of the range of values. A fair value valuation is the most representative value in the range, in those specific circumstances.

If the price of the operation is the fair value at the time of initial recognition, and if a valuation technique based on non-observable input is used to value the fair value subsequently, the input must be calibrated so that at the time of initial recognition, the result of the valuation technique equates to the price of the operation. Calibration ensures that the valuation technique reflects the current market conditions and helps the entity to determine whether the valuation technique needs to be rectified (for example, there may be a characteristic of the asset or liability that is not considered in the valuation technique). After initial recognition, when the fair value is valued using one or more techniques based on non-observable input, the entity needs to ensure that the valuation techniques reflect observable market data (for example the price of a similar asset or liability) on the valuation date.

Without a price from an active market, or if the market is not functioning regularly, i.e. if the market does not have a sufficient number of continuous transactions, bid-ask spread and volatility that is not low enough, the determination of the fair value of the financial instruments is

mainly achieved by using valuation techniques designed to establish the price at which, in an ordinary transaction, the asset would be sold or the liability would be transferred among market operators, on the valuation date, under current market conditions. These techniques include:

- The use of market values indirectly linked to the valued instrument, derived from policies with a similar risk profile (Level 2);
- Valuations based even partially on input not derived from market-observable parameters for which estimates and assumptions from the valuer are used (Level 3).

For Level 2 input, the valuation is not based on prices of the valued instrument, but on prices or spreads taken from the official prices of instruments that are essentially similar in terms of risk factors, using a given calculation method (pricing model). The use of this approach requires a search for transactions on active markets, relating to instruments which in terms of risk factors are comparable with the valued instrument. The Level 2 calculation methods reproduce the prices of financial instruments listed on active markets (calibration of the model) without including discretionary parameters - i.e. parameters whose value cannot be deduced from the prices of financial instruments on active markets or cannot be set at levels that replicate prices on active markets - which have a decisive influence on the final valuation.

They are valued using models based on Level 2 input:

- bonds with no official prices on an active market whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile;
- Derivatives, if they are valued using appropriate pricing models derived from market-observable input parameters such as rate, currency and volatility curves;
- ABS for which there are no significant prices and whose fair value is determined by using valuation techniques that take into account parameters that can be deduced from the market;
- Equities valued by recourse to direct transactions, or significant transactions on the stock during a period of time considered sufficiently brief compared to the time of valuation, and under constant market conditions, for which “relative” multiplier-based valuation models are used.

To determine the fair value of certain types of financial instrument, valuation models that require the use of parameters not observable on the market need to be used, thus requiring estimates and assumptions by the valuer (Level 3). The financial instrument is valued by using a calculation methodology based on specific assumptions regarding:

- the trend in future cash flows which may be influenced by future events, to which probability can be attributed on the basis of past experience or behavioural assumptions;
- the level of certain parameters in input not available from active markets, for which the information acquired from market-observed prices and spreads is generally preferred. If this information is not available, historic data for the underlying risk factor will be used, or alternatively specialised research such as reports by rating agencies or leading market players).

The following items are valued with a mark-to-model approach:

- debt securities and complex derivatives within the perimeter of structured credit instruments and tranche-linked derivatives;
- hedge funds not considered in Level 1;

- ownership interests and other capital securities valued using models based on discounted cash flows.

In relation to bonds, the pricing of non-contributed securities (those with no official prices on an active market which are classified at fair value level 2 or 3) whose fair value is determined by using an appropriate credit spread, identified on the basis of liquid financial instruments with a similar profile. This measurement is drawn from the following sources:

- contributed liquid securities from the same issuer;
- credit default swaps on the same reference entity;
- contributed liquid securities from an issuer with the same rating belonging to the same sector.

In any case, attention is paid to the different seniority of the security to be priced in relation to the issuer's debt structure.

For Italian public issuers, a rating/duration grid is drawn up, based on the spread levels of the government issues. Differentials are then applied, between the various rating/duration classes compared to public issues (regional, provincial and municipal authorities, and government bodies).

Likewise, for financial liabilities valued at fair value, to determine and measure the credit spread for the Intesa Sanpaolo Group, reference is made to the bonds issued by the Parent Company with regular coupons, maturity longer than a year and listed on an active market in accordance with IAS/IFRS. The market prices are used to deduce the implicit credit rating which is then perfected using interpolation models that generate credit spread curves differentiated by coupon type, maturity and subordination level.

For bonds not listed on active markets, in order to take into accounts the higher premium required by the market compared to a similar contributed security, an additional component is added to the fair credit spread, estimated on the basis of the bid/ask spreads recorded on the market.

If there is an embedded option, a further adjustment is made to the spread, adding a component designed to capture the hedging costs of the structure and illiquidity of the underlying assets. This component is determined on the basis of the type of option and the maturity.

## D.4 Alternative valuation methods – Intesa Sanpaolo Vita S.p.A.

See above, in relation to the Insurance Group.

## D.4 Alternative valuation methods – Intesa Sanpaolo Assicura S.p.A.

See above, in relation to the Insurance Group.

## D.4 Alternative valuation methods – Fideuram Vita S.p.A.

See above, in relation to the Insurance Group.

## D.4 Alternative valuation methods – Intesa Sanpaolo Life D.A.C.

See above, in relation to the Insurance Group.

# D.5 Other information

## D.5 Other information - Intesa Sanpaolo Vita Insurance Group

The Group considers that it has covered all the information relevant for the purposes of this document, in paragraphs D.1 to D.4.

# E. Capital management

The QRT S.23.01 template annexed to this report contains a list of the items in the Own Funds component, with details of the main characteristics of each item.

## E.1 Own funds

This section focuses on a representation of the Insurance Group's solvency position, and that of the individual group companies. The solvency position is represented by the ratio between the own funds and SCR of the Group and of the companies.

Specifically, in relation to own funds, issues relating to the various components of the solvency position are explored and analysed. In particular:

- items within the capital availability and related tiering;
- the reconciliation between own funds and equity in the financial statements;
- an analysis of the changes in own funds.

The issue of Solvency Capital Requirements and Minimum Capital Requirement is also dealt with, with attempts being made to investigate issues relating to the various types of risk that make up this amount, and the main features of the standard formula used by the group companies.

The section concludes with certain information that can be useful for the purposes of this analysis.

### E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Vita Insurance Group

Within the Solvency II framework, own funds are important elements of capital that can be used to absorb losses resulting from the occurrence of risks to which the insurance Group is exposed. They equate to the sum of the Basic Own Funds (BOF) and the Ancillary Own Funds, as defined respectively in Articles 88 and 89 of the Directive.

The capital requirement is valued by taking into consideration the risk tolerance threshold identified with a forward-looking valuation of risks and solvency (RAF- Risk appetite framework) and by following the ORSA (Own Risk and Solvency Assessment) principles, as well as a strategic planning of the Insurance Group defined for each company.

The capital management policy, in compliance with the regulatory restraints and compatibly with maintaining the solvency of the Insurance Group, aims at supporting the growth of the Group and the companies and meeting the shareholders' yield expectations, while maintaining a balanced composition of the own funds.

Through the capital management process, it is possible:

- to monitor the capital position, periodically ensuring compliance with the RAF limits and consistency with the business strategy suggesting changes to the own risk profile;
- to provide the bases for the activities relating to strategic planning through the assessment of capital adequacy;
- to determine the amount of dividends to shareholders;
- to guide the capital-raising activities and select the most adequate instrument;

- to ensure the quality of capital in terms of capital resources for the tier of belonging and ability to cover losses;
- to optimise the risk/yield balance of the business, maintaining the regulatory capital levels in compliance with regulatory provisions and the Risk Appetite of the Insurance Group and individual Companies, and the target capital levels in line with management limits;
- to contribute to determining the commercial strategies considering a new capital absorption and value creation strategy;
- to assess the impacts of new products in terms of current and forward-looking capital.

At individual Company and Insurance Group level, the Eligible Own Funds are determined following the regulatory provisions of Solvency II through a process consisting of several stages:

- determining the Excess of Assets Over Liabilities in a market-consistent context;
- including any subordinate loans;
- making adjustments for transferability and fungibility;
- tiering and quantitative limits for the eligibility of Funds.

As regards to the potential limitations in the use of Own Funds, the appropriate assessments are carried out on the basis of the nature of the fund, the capital components and the legal and regulatory operational context.

On 31st December 2017, the total basic own funds amounted to 7.984 million euro.

The main components of the own funds are:

- Share capital of 678 million euro;
- Share premium reserve of 1.328 million euro;
- Reconciliation provision of 3.894 million euro;
- Subordinated loans of 2.084 million euro.

Certain securities known as “Encumbrances” are excluded from the available own funds, in accordance with the provisions of Article 71, subparagraph 1 o) of the Delegated Regulation.

The solvency indicators relating to the Group SCR and Group MSR for 2017 are 232% and 403% respectively.

In relation to the quality of the own funds, distinguished by the tiering of each item, 74% of the eligible own funds is classified at the highest most reliable level (Tiering 1 unrestricted) while 10% is classified at an average level (Tiering 1 restricted), regarding a particular category of subordinated loans without maturity. The remaining 16% has been classified in Tier 2 as result of another percentage of subordinated loans with maturity. The share capital, share premium reserve and the reconciliation reserves are fully available to absorb potential losses.

In relation to the subordinated loans, the following items were recognised in the consolidated accounts as at 31st December 2017:
- 10 loans of indeterminate duration granted by the Parent Company Intesa Sanpaolo and Cassa di Risparmio (Florence) totalling 21,320 thousands (Local financial statements and Solvency II);
- 1 loan of determinate duration granted by the Parent Company Intesa Sanpaolo totalling 29,909 thousands euro (Individual financial statements and Solvency II);

- 1 non-convertible subordinated bond with certain maturity, issued on the Luxembourg market whose nominal financial reporting value is 500,000 thousands euro, whereas the Solvency II value is 512,954 thousands euro;
- 1 perpetual subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 750,000 thousands euro, whereas the Solvency II value is 764,394 thousands euro;
- 1 loan of determinate duration granted by the Parent Company Intesa Sanpaolo totalling 611,376 thousands euro (Individual financial statements and Solvency II);
- 1 bond for Fideuram Vita issued by Intesa Sanpaolo on 18th December 2017 maturing in 2021 with a nominal value of 145 million euro with the option of total or partial repayment from 18th December 2022 after authorisation by the regulator, while the Solvency value is 144,708 thousands euro.

## Basic Own Funds - Intesa Sanpaolo Vita Insurance Group

Below there are the components of the basic own funds that make up the own funds of the Insurance Group:

- The ordinary share capital and share premium reserves;
- Surplus of assets over liabilities;
- The subordinated liabilities valued in accordance with the Solvency II framework to the extent that they meet all the requirements for eligibility.

*(euro thousands)*

| Basic Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 677,869.3 | 677,869.3 | - | - | - | 677,879.0 | 677,879.0 | - | - | - |
| Share premium related to ordinary share capital | 1,328,097.5 | 1,328,097.5 | - | - | - | 1,328,097.0 | 1,328,097.0 | - | - | - |
| Reconciliation reserve | 3,893,529.6 | 3,893,529.6 | - | - | - | 3,401,649.0 | 3,401,649.0 | - | - | - |
| Subordinated liabilities | 2,084,456.4 | - | 785,713.6 | 1,298,742.8 | - | 1,438,783.0 | - | 793,787.0 | 644,996.0 | - |
| **Total amount** | **7,983,952.8** | **5,899,496.4** | **785,713.6** | **1,298,742.8** | **-** | **6,846,408.0** | **5,407,625.0** | **793,787.0** | **644,996.0** | **-** |

Compared to 2016 there is an increase of 1,138 thousands euro in Own Funds. 57% of this is attributable to the issue of the subordinated loan, the remaining 43% is due to an improvement in the reconciliation reserve.

74% of Own Funds are classified as Tier 1 Unrestricted.

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels.

*(euro thousands)*

| Eligible Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 677,869.3 | 677,869.3 | - | - | - | 677,879.2 | 677,879.2 | - | - | - |
| Share premium related to ordinary share capital | 1,328,097.5 | 1,328,097.5 | - | - | - | 1,328,097.5 | 1,328,097.5 | - | - | - |
| Reconciliation reserve | 3,893,529.6 | 3,893,529.6 | - | - | - | 3,401,648.7 | 3,401,648.7 | - | - | - |
| Subordinated liabilities | 1,135,216.7 | - | 785,713.6 | 349,503.1 | - | 1,438,783.1 | - | 793,787.1 | 644,996.0 | - |
| **Total amount** | **7,034,713.1** | **5,899,496.4** | **785,713.6** | **349,503.1** | **-** | **6,846,408.5** | **5,407,625.4** | **793,787.1** | **644,996.0** | **-** |

There was an increase of 3% in the total eligible own funds compared to 2016. 84% of the funds are classified as Tier 1 Unrestricted. Within the Eligible Own Funds for the Minimum Capital Requirement, the value of the subordinated liabilities is lower than the one in the eligible own funds for the Solvency Capital Requirement. The amount decreases from 2,084 to 1,135 million euros because in the calculation of the Eligible Own Funds for the Minimum Capital

Requirement, the amounts of the Subordinated Liabilities are classified as Tier 2 and are taken for a maximum of 15% of the Minimum Capital Requirement according to the Solvency Regulation.

## E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Vita S.p.A.

## Basic Own Funds – Intesa Sanpaolo Vita S.p.A.

Intesa Sanpaolo Vita holds 47% of the share capital of the items in the own funds of the Insurance Group, 100% of the share premium reserve. The company also holds 93.1% of the subordinated liabilities for the Insurance Group.

Below is an illustration of the company's own funds:

*(euro thousands)*

| Basic Own Funds | 2017 | Tiering al 31/12/2017 | | | | 2016 | Tiering al 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 320,422.5 | 320,422.5 | - | - | - | 320,423.0 | 320,423.0 | - | - | - |
| Share premium related to ordinary share capital | 1,328,097.5 | 1,328,097.5 | - | - | - | 1,328,097.0 | 1,328,097.0 | - | - | - |
| Reconciliation reserve | 3,522,820.4 | 3,522,820.4 | - | - | - | 3,048,263.0 | 3,048,263.0 | - | - | - |
| Subordinated liabilities | 1,939,953.3 | - | 785,713.6 | 1,154,239.7 | - | 1,342,923.0 | - | 793,787.0 | 549,136.0 | - |
| **Total amount** | **7,111,293.7** | **5,171,340.4** | **785,713.6** | **1,154,239.7** | **-** | **6,039,706.0** | **4,696,783.0** | **793,787.0** | **549,136.0** | **-** |

For the purposes of regulating the own funds, the ordinary shares of the company have the following characteristics:

- They are issued directly by the company with a resolution of its shareholders or by the executive body (as permitted by national regulations);
- They give the bearer the right to draw on the residual assets after the company has been liquidated, in proportion to the securities held, without fixed amounts or caps.

Based on these considerations, they are considered to be Tier 1 together with the issue premium.

The reconciliation provision was also fully considered in Tier 1 in accordance with the provisions of Delegated Regulation No. 35/2015.
The subordinated loans were classified in accordance with the contents of paragraph E.1.3.

The company has not included in its own funds any element that requires prior approval by the national regulator.

The reconciliation reserve consists of the net equity reserves not included in the items relating to share capital and share premium reserves and includes also the sum of the valuation differences emerging from the valuation principles adopted for the statutory financial statements and those applied for the purposes of the solvency report. In algebraic terms this corresponds to the total surplus assets compared to liabilities net of the asset items already contained in the financial statements valued using the national accounting standards, less the value of shares, dividends in distribution and the basic own funds with the exclusion of the subordinated liabilities.

In essence, the reconciliation reserve represents the difference between the NAV (net asset value = value of assets – value of liabilities) of the Solvency Report, based on the fair value of assets and liabilities (market values for assets and best estimate for liabilities) and the NAV for

the Local accounts, which values the various items at cost (specifically, the lower between the “cost” and “market” for the assets).

The reconciliation reserve is the most volatile element of the available own funds, as its value depends directly on the dynamics of the financial markets and the impact this has on the Company's assets portfolio. They are not counterbalanced by similar effects on the liabilities side, both because of the different discounting curve that is used and also because there are guarantees and options offered to the policyholders which mean that the behaviour does not mirror the first case.

The company's asset allocation strategy is therefore important (the level of diversification of the portfolios among the various classes of the “investable” universe), and the market risks to which each portfolio is subject, depending on the various guarantees of returns and capital offered to the policyholders, as well as the policyholders’ behaviour in terms of exercising their options (early redemption and/or additional payments).

The Company calculates and monitors the mismatch between cash flow and financial duration of the portfolios, and the sensitivity of the reconciliation reserve against the main risk factors, based on market trends. This sensitivity measurement depends strongly on the level of credit spread, between the Italian government bonds and bonds from other Eurozone countries, which determines the amount of the Volatility Adjustment (VA) and ultimately the discounting curve used to value the liability.

In consideration of this, the sensitivity of the reconciliation reserve tends to be lower than the exposures indicated above (Section C) for each of the market risks that were considered.

The reconciliation reserve calculated according to the Solvency II principles amounts to 3,522,820 thousands euro and comprises:

- Annual profits net of foreseeable dividends, of 335,378 thousands euro and profits carried forward of 4,619 thousands euro;
- Legal Reserves: 64,085 thousands euro;
- Other Statutory reserves: 979,661 thousands euro;
- Other reserves: 4,983 thousands euro;
- Differences in valuation between the principles of the statutory accounts and those of Solvency II: 2,134,094 thousands euro.

Regarding the subordinated loans, below are details of the main loans on the financial reports of Intesa Sanpaolo Vita:

- Subordinated non-convertible loan with indeterminate maturity, which can be called
- on expiry of the 10th year, issued on 17/12/2014 with a nominal value of 750 million euro: solvency value on 31/12/2017, 764.4 million euro;
- Subordinated non-convertible 5-year bond issued on 18/09/2013 for 500 million euro: solvency value on 31/12/2017, 512.9 million euro;
- Subordinated non-convertible 10-year bond issued on 21/07/2017 for 600 million euro: solvency value on 31/12/2017, 611.4 million euro.

Below is the amount of own funds eligible to cover the MCR, classified by levels.

(euro thousands)

| Eligible Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 320,423.0 | 320,423.0 | - | - | - | 320,423.0 | 320,423.0 | - | - | - |
| Share premium related to ordinary share capital | 1,328,097.0 | 1,328,097.0 | - | - | - | 1,328,097.0 | 1,328,097.0 | - | - | - |
| Reconciliation reserve | 3,522,820.4 | 3,522,820.4 | - | - | - | 3,048,263.0 | 3,048,263.0 | - | - | - |
| Subordinated liabilities | 1,037,010.5 | - | 785,713.6 | 251,290.4 | - | 1,087,047.0 | - | 793,787.0 | 293,260.0 | - |
| **Total amount** | **6,208,350.9** | **5,171,340.4** | **785,713.6** | **251,290.4** | **-** | **5,783,830.0** | **4,696,783.0** | **793,787.0** | **293,260.0** | **-** |

There was a 7% increase in the total eligible own funds compared to 2016. As for the insurance group, Intesa Sanpaolo Vita also has 84% of the funds classified as Tier 1 Unrestricted. Within the Eligible Own Funds for the Minimum Capital Requirement, the value of the subordinated liabilities is lower than the one in the eligible own funds for the Solvency Capital Requirement. The amount decreases from 1,940 to 1,037 million euros because in the calculation of the Eligible Own Funds for the Minimum Capital Requirement, the amounts of the Subordinated Liabilities are classified as Tier 2 and are taken for a maximum of 15% of the Minimum Capital Requirement according to the Solvency Regulation.

## E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Assicura S.p.A.

## Basic Own Funds – Intesa Sanpaolo Assicura S.p.A.

The basic own funds of Intesa Sanpaolo Assicura include:

- the paid-up ordinary shares;
- the reconciliation reserve.

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- Share capital: on 31st December 2017, the value was 27,912 thousands euro divided into 27,912,258 ordinary shares each with a nominal value of 1 euro;
- reconciliation reserve: this item is calculated by taking into account the surplus assets over liabilities (of 299,265 thousands euro) net of the share capital.

All the components of own funds are considered in Tier 1.

The company has not included in its own funds any element that requires prior approval by the national regulator.

(euro thousands)

| Basic Own Funds | 2017 | Tiering al 31/12/2017 | | | | 2016 | Tiering al 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 27,912.3 | 27,912.3 | - | - | - | 27,912.3 | 27,912.3 | - | - | - |
| Share premium related to ordinary share capital | - | - | - | - | - | - | - | - | - | - |
| Reconciliation reserve | 299,265.5 | 299,265.5 | - | - | - | 240,243.7 | 240,243.7 | - | - | - |
| Subordinated liabilities | - | - | - | - | - | - | - | - | - | - |
| **Total amount** | **327,177.7** | **327,177.7** | **-** | **-** | **-** | **268,156.0** | **268,156.0** | **-** | **-** | **-** |

The reconciliation reserve calculated according to the Solvency II principles amounts to 299,265 thousands euro and comprises:

- annual profits net of foreseeable dividends, of 43,535 thousands euro and profits carried forward of 63,748 thousands euro;
- legal reserves: 6,849 thousands euro;

- other statutory reserves: 100,766 thousands euro;
- other reserves: 24,669 thousands euro;
- differences in valuation between the principles of the statutory accounts and those of Solvency II: 59,968 thousands euro.

Below is the amount of own funds eligible to cover the MCR, classified by levels. The funds eligible to cover the Minimum Requirement are all classified as Tier 1 Unrestricted and correspond to the amount existing to cover the Solvency Requirement.

*(euro thousands)*

| Eligible Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 27,912.3 | 27,912.3 | - | - | - | 27,912.3 | 27,912.3 | - | - | - |
| Share premium related to ordinary share capital | - | - | - | - | - | - | - | - | - | - |
| Reconciliation reserve | 299,265.5 | 299,265.5 | - | - | - | 240,243.7 | 240,243.7 | - | - | - |
| Subordinated liabilities | - | - | - | - | - | - | - | - | - | - |
| **Total amount** | **327,177.7** | **327,177.7** | **-** | **-** | **-** | **268,156.0** | **268,156.0** | **-** | **-** | **-** |

There was a 22% increase in the total eligible own funds compared to 2016.

## E.1.1 Structure, amount and quality of own funds – Fideuram Vita S.p.A.

## Basic Own Funds – Fideuram Vita S.p.A.

Also for Fideuram Vita, the components of the basic own funds are made up of the surplus of assets over liabilities, the subordinated valued liabilities and the own shares.

The basic own funds of Fideuram Vita include:

- the paid-up ordinary shares;
- the reconciliation reserve;
- the subordinated liabilities paid and valued according to the Solvency II framework.

In the calculation of the reconciliation reserve the company considered the undistributed earnings used as a reference for calculating the SCR.

As part of a capital reinforcement plan the company may recourse to a subordinated loan of 145 million euro expiring in 2027, in compliance with IVASS Regulation no. 25/2016 which implements the provisions of Delegated Regulation 35/2015 and the Code of Private Insurance (CAP), in order to control risks in line with the risk-based approach of European Directive 138 of 2009.

The company has tiered the various levels of own funds in accordance with Article 44j CAP.

The company has not included in its own funds any element that requires prior approval by the national regulator.

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- share capital: On 31st December 2017, the value was 357,447 thousands euro attributable entirely to the Life business;
- reconciliation reserve: this item is calculated by taking into account the Excess of Assets over Liabilities (354,491 thousands euro) net of share capital (357,447 thousands euro);

- subordinated loans: the total is 144,708 thousands euro, classified entirely in Tier 2.

Below is the amount of own funds eligible to cover the MCR, classified by levels.

*(euro thousands)*

| Basic Own Funds | 2017 | Tiering al 31/12/2017 | | | | 2016 | Tiering al 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 357,446.8 | - | - | - | - | 357,447.0 | 357,447.0 | - | - | - |
| Reconciliation reserve | 354,491.1 | 354,491.1 | - | - | - | 343,218.0 | 343,218.0 | - | - | - |
| Subordinated liabilities | 144,708.3 | - | - | 144,708.3 | - | 95,964.0 | - | - | 95,964.0 | - |
| **Total amount** | **856,646.2** | **354,491.1** | **-** | **144,708.3** | **-** | **796,629.0** | **700,665.0** | **-** | **95,964.0** | **-** |

On 31st December 2017, the reconciliation reserve amounted to 354,491 thousands euro and is made up as follows:
- profits reserve of 52,224 thousands euro;
- statutory reserve of 14,079 thousands euro;
- other reserves of 259,838 thousands euro;
- differences in valuation between the statutory valuation standards and those used for the solvency report, of 28,350 thousands euro.

Below is the amount of own funds eligible to cover the MCR, classified by levels. The funds eligible to cover the Minimum Requirement are all classified as Tier 1 Unrestricted and correspond to the amount existing to cover the Solvency Requirement.

*(euro thousands)*

| Eligible Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 357,447.0 | 357,447.0 | - | - | - | 357,447.0 | 357,447.0 | - | - | - |
| Reconciliation reserve | 354,491.1 | 354,491.1 | - | - | - | 343,218.0 | 343,218.0 | - | - | - |
| Subordinated liabilities | 45,134.4 | - | - | 45,134.4 | - | 40,923.0 | - | - | 40,923.0 | - |
| **Total amount** | **757,072.4** | **711,938.1** | **-** | **45,134.4** | **-** | **741,588.0** | **700,665.0** | **-** | **40,923.0** | **-** |

There was a 2% increase in the total eligible own funds compared to 2016. Fideuram Vita has 94% of the funds classified as Tier 1 Unrestricted.

Within the Eligible Own Funds for the Minimum Capital Requirement, the value of the subordinated liabilities is lower than the one in the eligible own funds for the Solvency Capital Requirement. The amount decreases from 145 to 45 million euros because in the calculation of the Eligible Own Funds for the Minimum Capital Requirement, the amounts of the Subordinated Liabilities are classified as Tier 2 and are taken for a maximum of 15% of the Minimum Capital Requirement according to the Solvency Regulation.

## E.1.1 Structure, amount and quality of own funds – Intesa Sanpaolo Life D.A.C.

### Basic Own Funds – Intesa Sanpaolo Life D.A.C.

The components of the basic own funds of Intesa Sanpaolo Life D.A.C. are made up of the surplus of assets over liabilities and by equity reserves. The company has not issued subordinated liabilities.

The basic own funds of Intesa Sanpaolo Life are all classified as Tier 1, and are all eligible for the relationship to the Solvency Capital Requirement. They include:

- the paid-up ordinary shares;
- the reconciliation reserve;
- the capital contribution.

*(euro thousands)*

| Basic Own Funds | 2017 | Tiering al 31/12/2017 | | | | 2016 | Tiering al 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 625.0 | 625.0 | - | - | - | 625.0 | 625.0 | - | - | - |
| Share premium related to ordinary share capital | 9.9 | 9.9 | - | - | - | 9.9 | 9.9 | - | - | - |
| Reconciliation reserve | 1,034,001.7 | 1,034,001.7 | - | - | - | 806,704.0 | 806,704.0 | - | - | - |
| Capital contribution | 104,444.1 | 104,444.1 | - | - | - | 104,444.1 | 104,444.1 | - | - | - |
| **Total amount** | **1,139,080.6** | **1,139,080.6** | **-** | **-** | **-** | **911,783.0** | **911,783.0** | **-** | **-** | **-** |

The essential conditions of the main elements of the company's own funds can be summarised as follows:

- share capital: On 31st December 2017, the value was 625 thousands euro;
- share premium reserve of 10 thousands euro;
- capital contribution reserve of 104,444 thousands euro;

The reconciliation reserve includes all the accumulated profits net of taxes and any dividend payouts. The own funds are managed in a way that ensures that the company is sufficiently capitalized. The main changes to own funds during the year include:

- elements of own funds relating to 31/12/2017: 911,781 thousands euro
- profit for the year: 110,430 thousands euro
- changes to AFS provisions: -555 thousands euro
- write-downs for claims-related tax assets: 1,574 thousands euro
- changes to certain balance sheet items, 11,551 thousands euro
- changes deriving from the risk margin and the economic cost of claims: 134,298 thousands euro
- dividend: 30,000 thousands euro

Below is the amount of own funds eligible to cover the SCR and MCR, classified by levels. The funds eligible to cover the Minimum Requirement are all classified as Tier 1 Unrestricted and correspond to the amount existing to cover the Solvency Requirement.

*(euro thousands)*

| Eligible Own Funds | 2017 | Tiering 31/12/2017 | | | | 2016 | Tiering 31/12/2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 | | Tier 1 unrestrict. | Tier 1 restricted | Tier 2 | Tier 3 |
| Ordinary share capital (gross of own shares) | 625.0 | 625.0 | - | - | - | 625.0 | 625.0 | - | - | - |
| Share premium related to ordinary share capital | 9.9 | 9.9 | - | - | - | 9.9 | 9.9 | - | - | - |
| Reconciliation reserve | 1,034,001.7 | 1,034,001.7 | - | - | - | 806,704.0 | 806,704.0 | - | - | - |
| Capital contribution | 104,444.1 | 104,444.1 | - | - | - | 104,444.1 | 104,444.1 | - | - | - |
| **Total amount** | **1,139,080.6** | **1,139,080.6** | **-** | **-** | **-** | **911,783.0** | **911,783.0** | **-** | **-** | **-** |

There was a 25% increase in the total eligible own funds compared to 2016. Intesa Sanpaolo Life has all its funds classified as Tier 1 Unrestricted.

## E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes

Below is a reconciliation between the net equity of each company and the own funds used to cover the value of the SCR.

Below is a reconciliation between the net equity on the annual financial statements for 2017 prepared in accordance with ISVAP Regulation No. 22/2008 (as amended) and the surplus assets compared to the liabilities calculated on the basis of Art. 75 and Section 2 of Chapter IV of the Directive, and with the total own funds as defined in Section 3 of Chapter IV of the Directive. Refer to Chapter D for a breakdown of each item in the reconciliation provision.

## E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes - Intesa Sanpaolo Vita S.p.A.

From a comparison with 2016 it can be seen that there was an 18% increase in total own funds and a significant reduction in “Encumbrances”, of 97%. The 44% increase in subordinated loans is justified by the issue of a new loan in 2017, with a nominal value of 600 million euro. Another element of capital reinforcement is the increase of 16% in the reconciliation reserve.

*(euro thousands)*

| | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Equity- Statutory** | **3,037,246.6** | **2,956,667.0** | **80,579.6** | **2.7%** |
| **Adjustment on assets** | **8,099,574.6** | **8,927,750.0** | **-828,175.4** | **-9.3%** |
| Goodwill and other intangible assets | -6,821.8 | -6,666.0 | -155.8 | 2.3% |
| Properties and plants | - | - | - | - |
| Holdings in financial and credit insitutions | - | - | - | - |
| Holdings in other entities | 1,261,515.5 | 975,679.6 | 285,835.9 | 29.3% |
| Financial instruments | 5,338,014.2 | 6,220,024.0 | -882,009.8 | -14.2% |
| Deferred tax assets | 1,509,167.0 | 1,739,556.5 | -230,389.4 | -13.2% |
| Reinsurance receivables | -2,300.3 | -844.0 | -1,456.2 | >100% |
| **Adjustment on technical provisions** | **-4,033,534.3** | **-4,998,752.4** | **965,218.1** | **-19.3%** |
| Life technical provisions | -4,878,679.5 | -5,618,886.5 | 740,207.1 | -13.2% |
| Life technical provisions - Index linked and unit- linked | 844,962.4 | 619,946.5 | 225,015.9 | 36.3% |
| Other technical provisions | 182.7 | 187.5 | -4.8 | -2.6% |
| **Adjustment on other liabilities** | **-1,930,536.5** | **-2,142,188.4** | **211,651.9** | **-9.9%** |
| Deferred tax liabilities | -1,921,402.0 | -2,120,196.0 | 198,794.0 | -9.4% |
| Financial liabilities | 1,992.6 | 1,139.4 | 853.3 | 74.9% |
| Pension benefit obligations | -2,948.9 | -2,788.5 | -160.4 | 5.8% |
| Other adjustments | -8,178.2 | -20,343.3 | 12,165.1 | -59.8% |
| **Reconciliation reserve** | **2,135,503.8** | **1,786,809.1** | **348,694.7** | **19.5%** |
| **Subordinated liabilities includes in Basic Own Funds** | **1,939,953.3** | **1,342,923.3** | **597,029.9** | **44.5%** |
| **Encumbrances** | **-1,409.9** | **-46,693.2** | **45,283.3** | **-97.0%** |
| **Total Own Funds** | **7,111,293.7** | **6,039,706.2** | **1,071,587.4** | **17.7%** |

## E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes - Intesa Sanpaolo Assicura S.p.A.

From a comparison with 2016 it can be seen that there was an 22% increase in total own funds and a significant reduction in “Encumbrances”, of 90%. Another element of capital reinforcement is the increase of 29% in the reconciliation reserve.

*(euro thousands)*

| | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Equity- Statutory** | **267,210.0** | **223,376.9** | **43,833.1** | **19.6%** |
| **Adjustment on assets** | **9,516.8** | **12,551.7** | **-3,034.9** | **-24.2%** |
| Goodwill and other intangible assets | -3,137.1 | -204.6 | -2,932.5 | >100% |
| Financial instruments | 10,391.9 | 11,655.8 | -1,263.9 | -10.8% |
| Deferred tax assets | 2,261.9 | 1,100.4 | 1,161.5 | >100% |
| **Adjustment on technical provisions** | **84,037.3** | **58,781.9** | **25,255.4** | **43.0%** |
| Non- Life technical provisions | 64,201.8 | 57,439.7 | 6,762.1 | 11.8% |
| Riserve tecnice riassicurazione | 17,528.9 | -785.4 | 18,314.2 | <-100% |
| Other technical provisions | 2,306.6 | 2,127.6 | 179.0 | 8.4% |
| **Adjustment on other liabilities** | **-33,374.6** | **-24,536.0** | **-8,838.6** | **36.0%** |
| Deferred tax liabilities | -29,103.1 | -21,951.0 | -7,152.1 | 32.6% |
| Pension benefit obligations | -453.5 | -423.6 | -29.9 | 7.1% |
| Other adjustments | -3,818.1 | -2,161.5 | -1,656.6 | 76.6% |
| **Reconciliation reserve** | **60,179.4** | **46,797.5** | **13,381.9** | **28.6%** |
| **Encumbrances** | **-211.7** | **-2,018.5** | **1,806.8** | **-89.5%** |
| **Total Own Funds** | **327,177.7** | **268,156.0** | **59,021.8** | **22.0%** |

## E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes - Fideuram Vita S.p.A.

From a comparison with 2016 it can be seen that there was an 8% increase in total own funds. The 51% increase in subordinated liabilities in own funds is due to the taking out of a new subordinated loan issued by Intesa Sanpaolo.

*(euro thousands)*

| | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Equity- Statutory** | **683,588.0** | **631,145.0** | **52,443.0** | **8.3%** |
| **Adjustment on assets** | **448,618.0** | **549,661.0** | **-101,043.0** | **-18.4%** |
| Goodwill and other intangible assets | -67,726.0 | -62,824.0 | -4,902.0 | 7.8% |
| Properties and plants | 1,925.0 | 4,226.0 | -2,301.0 | -54.4% |
| Holdings in financial and credit insitutions | 27.0 | 24.0 | 3.0 | 12.5% |
| Financial instruments | 403,302.0 | 488,264.0 | -84,962.0 | -17.4% |
| Deferred tax assets | 111,652.0 | 120,162.0 | -8,510.0 | -7.1% |
| Other assets | -562.0 | -191.0 | -371.0 | >100% |
| **Adjustment on technical provisions** | **-293,884.0** | **-315,494.0** | **21,610.0** | **-6.8%** |
| Life technical provisions | -647,104.0 | -697,513.0 | 50,409.0 | -7.2% |
| Life technical provisions - Index linked and unit- linked | 353,220.0 | 382,019.0 | -28,799.0 | -7.5% |
| **Adjustment on other liabilities** | **-126,384.0** | **-164,647.0** | **38,263.0** | **-23.2%** |
| Deferred tax liabilities | -125,129.0 | -151,931.0 | 26,802.0 | -17.6% |
| Financial liabilities | 292.0 | -10,964.0 | 11,256.0 | -102.7% |
| Pension benefit obligations | -2,016.0 | -2,225.0 | 209.0 | -9.4% |
| Other adjustments | 469.0 | 473.0 | -4.0 | -0.8% |
| **Reconciliation reserve** | **28,350.0** | **69,520.0** | **-41,170.0** | **-59.2%** |
| **Subordinated liabilities includes in Basic Own Funds** | **144,708.0** | **95,964.0** | **48,744.0** | **50.8%** |
| **Total Own Funds** | **856,646.0** | **796,629.0** | **60,017.0** | **7.5%** |

## E.1.2 Differences between the own capital stated on the company's financial statements and the excess assets compared to liabilities calculated for solvency purposes - Intesa Sanpaolo Life D.A.C.

From a comparison with 2016 it can be seen that there was a 25% increase in total own funds. Another element of capital reinforcement is the increase of 36% in the reconciliation reserve.

*(euro thousands)*

| | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Equity- Statutory** | **582,518.1** | **501,068.8** | **81,449.3** | **16.3%** |
| **Adjustment on assets** | **-376,213.5** | **-306,774.6** | **-69,438.8** | **22.6%** |
| Goodwill and other intangible assets | -376,213.5 | -306,774.6 | -69,438.8 | 22.6% |
| Properties and plants | - | - | - | - |
| Holdings in financial and credit insitutions | - | - | - | - |
| Financial instruments | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| Other assets | - | - | - | - |
| **Adjustment on technical provisions** | **693,194.0** | **518,250.7** | **174,943.3** | **33.8%** |
| Life technical provisions | - | - | - | - |
| Life technical provisions - Index linked and unit- linked | 679,716.0 | 506,457.7 | 173,258.3 | 34.2% |
| Other technical provisions | 13,478.0 | 11,793.0 | 1,685.0 | 14.3% |
| **Adjustment on other liabilities** | **239,581.0** | **199,238.4** | **40,342.6** | **20.2%** |
| Deferred tax liabilities | -79,509.0 | -58,673.5 | -20,835.5 | 35.5% |
| Financial liabilities | - | - | - | - |
| Pension benefit obligations | - | - | - | - |
| Insurance and intermediaries payables | 352,232.0 | 271,278.0 | 80,954.0 | 29.8% |
| Other adjustments | -33,142.0 | -13,366.1 | -19,775.9 | 148.0% |
| **Reconciliation reserve** | **556,561.5** | **410,714.5** | **145,847.1** | **35.5%** |
| **Subordinated liabilities includes in Basic Own Funds** | **-** | **-** | **-** | **-** |
| **Total Own Funds** | **1,139,080.6** | **911,783.3** | **227,297.3** | **24.9%** |

## E.1.3 Transitional provisions

## E.1.3 Transitional provisions - Intesa Sanpaolo Vita Insurance Group

Within the Group, only Intesa Sanpaolo Vita uses transitional measures to value its own funds.

See next paragraph.

## E.1.3 Transitional provisions – Intesa Sanpaolo Vita S.p.A.

### Subordinated liabilities – Intesa Sanpaolo Vita S.p.A.

On the basis of Delegated Regulation No. 35/2015, the subordinate loans recognised on the financial statements of Intesa Sanpaolo Vita as at 31st December 2017 considered for Solvency II purposes are divided as follows:

a. 10 loans of indeterminate duration granted by the Parent Company Intesa Sanpaolo and Cassa di Risparmio (Florence) totalling 21,320 thousands euro (Individual financial statements prepared for Local and Solvency II purposes);
b. 1 loan of indeterminate duration granted by the Parent Company Intesa Sanpaolo totalling 29,909 thousands euro (Individual financial statements prepared for Local and Solvency II purposes);
c. 1 non-convertible subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 500,000 thousands euro, whereas the Solvency II value is 512,954 thousands euro;
d. 1 perpetual subordinated bond issued on the Luxembourg market whose nominal financial reporting value is 750,000 thousands euro, whereas the Solvency II value is 764,394 thousands euro.
e. 1 loan of indeterminate duration granted by the Parent Company Intesa Sanpaolo totalling 611,376 thousands euro (Individual financial statements prepared for Local and Solvency II purposes)

By applying the grandfathering principle, Intesa Sanpaolo Vita and Fideuram Vita have divided the subordinated bonds between Tier 1–restricted (liabilities described in a. and d. above) and Tier 2 (liabilities described in b., d. and e).

### E.1.4 Ancillary own funds

### E.1.4 Ancillary own funds - Intesa Sanpaolo Vita Insurance Group

No Group company has requested authorisation for the use of ancillary own funds.

# E.2 Solvency capital requirement and minimum capital requirement

The QRT S.25.01 template annexed to this report mentions the Solvency Capital Requirement and highlights the individual risks concerned.

## E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Vita Group

The companies belonging to the Intesa Sanpaolo Vita Insurance Group, under Article 1(r)(a) of the Code of Private Insurance, adopt the standard formula for the calculation of the Solvency Capital Requirement (Article 45d to 45j).

The Group SCR of Intesa Sanpaolo Vita Insurance Group on 31st December 2017 was 3.440 million euro.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

*(euro thousands)*

| Module | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **3,440,164.4** | **3,746,843.0** | **-306,678.6** | **-8.2%** |
| Deferred Tax Adjustment | -186,433.6 | -172,528.1 | -13,905.5 | 8.1% |
| Solvency Capital Requirement before Adjustment | 3,626,598.1 | 3,919,371.1 | -292,773.0 | -7.5% |
| **Operational Risk** | **563,146.4** | **540,543.1** | **22,603.3** | **4.2%** |
| **Basic Solvency Capital Requirement** | **3,063,451.6** | **3,378,828.0** | **-315,376.4** | **-9.3%** |
| Diversification | -876,497.6 | -911,462.4 | 34,964.8 | -3.8% |
| **Market Risk** | **2,529,699.8** | **2,843,065.3** | **-313,365.5** | **-11.0%** |
| Interest Rate Risk | 393,132.0 | 615,529.2 | -222,397.3 | -36.1% |
| Equity Risk | 944,680.7 | 974,112.7 | -29,432.0 | -3.0% |
| Property Risk | 44,517.6 | 27,509.0 | 17,008.6 | 61.8% |
| Spread Risk | 1,205,958.8 | 1,392,563.1 | -186,604.3 | -13.4% |
| Concentration Risk | 183,124.7 | 249,482.3 | -66,357.6 | -26.6% |
| Currency Risk | 614,922.9 | 563,703.3 | 51,219.6 | 9.1% |
| Diversification | -856,636.9 | -979,834.3 | 123,197.4 | -12.6% |
| **Underwriting Risk (Life)** | **967,523.9** | **963,315.6** | **4,208.4** | **0.4%** |
| Mortality Risk | 118,576.0 | 113,126.1 | 5,449.9 | 4.8% |
| Longevity Risk | 116,063.2 | 130,021.7 | -13,958.5 | -10.7% |
| Disability Risk | - | - | - | - |
| Expenses Risk | 187,444.4 | 174,581.5 | 12,862.9 | 7.4% |
| Revision Risk | - | - | - | - |
| Lapse Risk | 790,942.4 | 793,643.4 | -2,701.0 | -0.3% |
| Cat Risk | 63,082.8 | 56,750.4 | 6,332.4 | 11.2% |
| Diversification | -308,584.9 | -304,807.5 | -3,777.4 | 1.2% |
| **Underwriting Risk (Non-Life)** | **133,489.8** | **107,812.3** | **25,677.5** | **23.8%** |
| Premium & reserve Risk | 116,757.9 | 93,920.0 | 22,837.9 | 24.3% |
| Lapse Risk | 24,609.7 | 17,959.7 | 6,650.1 | 37.0% |
| Cat Risk | 37,395.0 | 31,577.0 | 5,818.0 | 18.4% |
| Diversification | -45,272.9 | -35,644.4 | -9,628.5 | 27.0% |
| **Underwriting Risk (Health)** | **81,795.0** | **43,823.8** | **37,971.2** | **86.6%** |
| Cat Risk | 5,980.7 | 3,727.2 | 2,253.5 | 60.5% |
| Mass Accident Risk | 413.8 | 405.8 | 8.0 | 2.0% |
| Concentration Risk | 407.4 | 406.0 | 1.4 | 0.3% |
| Pandemic Risk | 5,952.5 | 3,682.7 | 2,269.7 | 61.6% |
| Diversification | -792.9 | -767.4 | -25.6 | 3.3% |
| Non- SLT Risk | 80,094.6 | 42,743.2 | 37,351.4 | 87.4% |
| Reserve Risk | 79,548.3 | 42,318.2 | 37,230.1 | 88.0% |
| Lapse Risk | 9,339.1 | 6,012.9 | 3,326.1 | 55.3% |
| Diversification | -8,792.7 | -5,587.9 | -3,204.9 | 57.4% |
| Diversification | -4,280.3 | -2,646.5 | -1,633.7 | 61.7% |
| **Default Risk** | **227,440.6** | **332,273.4** | **-104,832.8** | **-31.6%** |

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1.747 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

The value of the own funds eligible to cover the SCR at Group level is 7.983 million euro. With reference to Art. 230, the Group solvency value has been stated. It is calculated as the difference between the eligible own funds and the SCR at Group level, amounting to 4.601,9 million euro.

## E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Vita S.p.A.

The company's SCR on 31st December 2017 was 2.792 million euro. In calculating its SCR, the company uses a volatility adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

*(euro thousands)*

| Module | 2017 | 2016 | Delta | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **2,792,188.1** | **3,258,447.0** | **-466,258.9** | **-14.3%** |
| Deferred Tax Adjustment | -142,427.6 | -133,924.2 | -8,503.4 | 6.3% |
| Solvency Capital Requirement before Adjustment | 2,934,615.6 | 3,392,371.2 | -457,755.5 | -13.5% |
| **Operational Risk** | **349,526.2** | **357,137.1** | **-7,610.9** | **-2.1%** |
| **Basic Solvency Capital Requirement** | **2,585,089.5** | **3,035,234.1** | **-450,144.6** | **-14.8%** |
| Diversification | -507,837.6 | -657,114.1 | 149,276.5 | -22.7% |
| **Market Risk** | **2,308,356.7** | **2,667,036.2** | **-358,679.4** | **-13.4%** |
| Interest Rate Risk | 348,809.3 | 586,107.6 | -237,298.4 | -40.5% |
| Equity Risk | 935,463.2 | 945,619.3 | -10,156.0 | -1.1% |
| Property Risk | 42,250.1 | 24,636.0 | 17,614.1 | 71.5% |
| Spread Risk | 1,084,257.8 | 1,306,821.8 | -222,564.0 | -17.0% |
| Concentration Risk | 179,529.2 | 246,282.9 | -66,753.6 | -27.1% |
| Currency Risk | 464,828.7 | 451,807.1 | 13,021.6 | 2.9% |
| Diversification | -746,781.6 | -894,238.5 | 147,456.8 | -16.5% |
| **Underwriting Risk (Life)** | **598,720.8** | **736,637.4** | **-137,916.6** | **-18.7%** |
| Mortality Risk | 92,691.1 | 101,060.3 | -8,369.2 | -8.3% |
| Longevity Risk | 67,791.0 | 84,520.5 | -16,729.5 | -19.8% |
| Disability Risk | - | - | - | - |
| Expenses Risk | 100,207.5 | 113,165.8 | -12,958.3 | -11.5% |
| Revision Risk | - | - | - | - |
| Lapse Risk | 490,708.0 | 619,947.3 | -129,239.3 | -20.8% |
| Cat Risk | 59,199.4 | 54,213.6 | 4,985.8 | 9.2% |
| Diversification | -211,876.2 | -236,270.0 | 24,393.8 | -10.3% |
| **Default Risk** | **185,849.5** | **288,674.6** | **-102,825.0** | **-35.6%** |

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 1.256 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

## E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Assicura S.p.A.

The company's SCR on 31st December 2017 was 179 million euro. In calculating its SCR, the company does not use the volatility adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

*(euro thousands)*

| Module | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **179,445.9** | **144,276.6** | **35,169.3** | **24.4%** |
| Deferred Tax Adjustment | -9,383.3 | -2,769.7 | -6,613.6 | 238.8% |
| Solvency Capital Requirement before Adjustment | 188,829.2 | 147,046.3 | 41,782.8 | 28.4% |
| **Operational Risk** | **16,895.7** | **15,375.3** | **1,520.4** | **9.9%** |
| **Basic Solvency Capital Requirement** | **171,933.5** | **131,671.1** | **40,262.4** | **30.6%** |
| Diversification | -77,601.6 | -53,910.1 | -23,691.4 | 43.9% |
| **Market Risk** | **26,972.2** | **28,167.6** | **-1,195.4** | **-4.2%** |
| Interest Rate Risk | 2,592.2 | 1,393.6 | 1,198.7 | 86.0% |
| Equity Risk | 9,265.5 | 16,467.6 | -7,202.1 | -43.7% |
| Property Risk | - | - | - | - |
| Spread Risk | 8,489.1 | 12,414.3 | -3,925.2 | -31.6% |
| Concentration Risk | - | - | - | - |
| Currency Risk | 15,522.3 | 1,181.1 | 14,341.2 | 1214.2% |
| Diversification | -8,897.0 | -3,289.0 | -5,608.0 | 170.5% |
| **Underwriting Risk (Non-Life)** | **133,489.8** | **107,812.3** | **25,677.5** | **23.8%** |
| Premium & reserve Risk | 116,757.9 | 93,920.0 | 22,837.9 | 24.3% |
| Lapse Risk | 24,609.7 | 17,959.7 | 6,650.1 | 37.0% |
| Cat Risk | 37,395.0 | 31,577.0 | 5,818.0 | 18.4% |
| Diversification | -45,272.9 | -35,644.4 | -9,628.5 | 27.0% |
| **Underwriting Risk (Health)** | **81,795.0** | **43,823.8** | **37,971.2** | **86.6%** |
| Cat Risk | 5,980.7 | 3,727.2 | 2,253.5 | 60.5% |
| Mass Accident Risk | 413.8 | 405.8 | 8.0 | 2.0% |
| Concentration Risk | 407.4 | 406.0 | 1.4 | 0.3% |
| Pandemic Risk | 5,952.5 | 3,682.7 | 2,269.7 | 61.6% |
| Diversification | -792.9 | -767.4 | -25.6 | 3.3% |
| Non- SLT Risk | 80,094.6 | 42,743.2 | 37,351.4 | 87.4% |
| Reserve Risk | 79,548.3 | 42,318.2 | 37,230.1 | 88.0% |
| Lapse Risk | 9,339.1 | 6,012.9 | 3,326.1 | 55.3% |
| Diversification | -8,792.7 | -5,587.9 | -3,204.9 | 57.4% |
| Diversification | -4,280.3 | -2,646.5 | -1,633.7 | 61.7% |
| **Default Risk** | **7,278.0** | **5,777.5** | **1,500.5** | **26.0%** |

The MCR is calculated on the basis of the provisions of Chapter VII of the Delegated Acts, and amounts to 80.7 million euro.

On the valuation date, no simplifications had been used to calculate the SCR.

## E.2 Solvency capital requirement and minimum capital requirement - Fideuram Vita S.p.A.

The company's SCR on 31st December 2017 was 501.439 million euro. The requirement is calculated using the Standard Formula, on the basis of the provisions of Chapters V and VI of the Delegated Acts. In calculating its SCR, the company uses a volatility adjustment.

The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

*(euro thousands)*

| Module | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **501,493.0** | **454,704.0** | 46,789.0 | 10.3% |
| Deferred Tax Adjustment | -36.0 | -16,727.0 | 16,691.0 | -99.8% |
| Solvency Capital Requirement before Adjustment | 501,529.0 | 471,431.0 | 30,098.0 | 6.4% |
| **Operational Risk** | **129,664.0** | **120,418.0** | 9,246.0 | 7.7% |
| **Basic Solvency Capital Requirement** | **371,864.0** | **351,013.0** | 20,851.0 | 5.9% |
| Diversification | -102,564.0 | -103,157.0 | 593.0 | -0.6% |
| **Market Risk** | **263,966.0** | **250,411.0** | 13,555.0 | 5.4% |
| Interest Rate Risk | 43,762.0 | 29,191.7 | 14,570.3 | 49.9% |
| Equity Risk | 143,742.0 | 165,201.5 | -21,459.5 | -13.0% |
| Property Risk | 2,268.0 | 2,873.0 | -605.0 | -21.1% |
| Spread Risk | 86,895.0 | 54,245.9 | 32,649.1 | 60.2% |
| Concentration Risk | - | - | - | - |
| Currency Risk | 52,140.0 | 58,633.0 | -6,493.0 | -11.1% |
| Diversification | -64,841.0 | -59,734.0 | -5,107.0 | 8.5% |
| **Underwriting Risk** | **198,839.0** | **179,529.0** | 19,310.0 | 10.8% |
| Mortality Risk | 8,192.0 | - | 8,192.0 | - |
| Longevity Risk | 48,272.0 | 45,501.0 | 2,771.0 | 6.1% |
| Disability Risk | - | - | - | - |
| Expenses Risk | 62,749.0 | 47,345.0 | 15,404.0 | 32.5% |
| Revision Risk | - | - | - | - |
| Lapse Risk | 139,386.0 | 132,403.0 | 6,983.0 | 5.3% |
| Cat Risk | 844.0 | 332.0 | 512.0 | 154.2% |
| Diversification | -60,604.0 | -46,053.0 | -14,551.0 | 31.6% |
| **Default Risk** | **11,623.0** | **24,230.0** | -12,607.0 | -52.0% |

No simplifications have been used to calculate the SCR.

The company's MCR on 31st December 2017 was 226 million euro.

## E.2 Solvency capital requirement and minimum capital requirement - Intesa Sanpaolo Life D.A.C.

The company's SCR on 31st December 2017 was 410 million euro. The requirement is calculated using the Standard Formula, on the basis of the provisions of Chapters V and VI of the Delegated Acts. The table below gives the SCR distributed according to the modules and submodules of risk, calculated with the Standard Formula.

*(euro thousands)*

| Module | 2017 | 2016 | Change | % |
|---|---|---|---|---|
| **Solvency Capital Requirement** | **410,241.3** | **249,963.5** | **160,277.8** | **64.1%** |
| Deferred Tax Adjustment | -58,605.9 | -35,709.1 | -22,896.8 | 64.1% |
| Solvency Capital Requirement before Adjustment | 468,847.2 | 285,672.6 | 183,174.6 | 64.1% |
| **Operational Risk** | **67,060.2** | **47,612.5** | **19,447.8** | **40.8%** |
| **Basic Solvency Capital Requirement** | **401,786.9** | **238,060.1** | **163,726.8** | **68.8%** |
| Diversification | -116,854.2 | -68,248.2 | -48,606.0 | 71.2% |
| **Market Risk** | **207,947.9** | **120,382.8** | **87,565.1** | **72.7%** |
| Interest Rate Risk | 23,100.3 | 20,613.4 | 2,486.9 | 12.1% |
| Equity Risk | 146,199.5 | 76,074.5 | 70,125.0 | 92.2% |
| Property Risk | - | - | - | - |
| Spread Risk | 26,317.2 | 19,085.6 | 7,231.6 | 37.9% |
| Concentration Risk | 3,595.5 | 3,199.4 | 396.1 | 12.4% |
| Currency Risk | 82,431.8 | 52,081.9 | 30,349.9 | 58.3% |
| Diversification | -73,696.4 | -50,672.1 | -23,024.4 | 45.4% |
| **Underwriting Risk** | **285,871.1** | **172,058.9** | **113,812.2** | **66.1%** |
| Mortality Risk | 17,692.7 | 12,065.9 | 5,626.8 | 46.6% |
| Longevity Risk | - | - | - | - |
| Disability Risk | - | - | - | - |
| Expenses Risk | 24,487.6 | 14,070.5 | 10,417.1 | 74.0% |
| Revision Risk | - | - | - | - |
| Lapse Risk | 271,054.1 | 163,292.9 | 107,761.2 | 66.0% |
| Cat Risk | 3,039.0 | 2,204.4 | 834.6 | 37.9% |
| Diversification | -30,402.3 | -19,574.7 | -10,827.6 | 55.3% |
| **Default Risk** | **24,822.1** | **13,866.6** | **10,955.5** | **79.0%** |

No simplifications have been used to calculate the SCR.

The company's MCR on 31st December 2017 was 184.6 million euro.

## E.3 Use of the equity risk submodule based on the duration in the SCR calculation

All the Group companies don't use this method.

## E.4 Differences between the Standard Formula and the internal model

All the Group companies use standard formula.

## E.5 Failure to meet the MCR and SCR

None of the Group companies consider that there is a reasonably predictable risk of not meeting the MCR or SCR.

## E.6 Other information

The Group did not value any part of its portfolio as ring-fenced funds, pending the publication of Level II regulations.

We consider that we have provided all the information relevant for the purposes of this document.

# Acronyms

Certain paragraphs of this document contain acronyms. In some cases, English terminology has been used to minimise any doubts as to interpretation, in the use of international definitions or methods. To facilitate the understanding of certain concepts, the Italian translations have been given below.

| English term | Acronym |
|---|---|
| **As a whole** | |
| **Best Estimate** | BE/BEL |
| **Cash flow** | |
| **Certainty equivalent** | CE |
| **Contract boundaries** | |
| **Cost of Capital** | CoC |
| **Policyholder Dynamic Behaviour** | |
| **Expert judgement** | |
| **Future Discretionary Benefits** | FDB |
| **Homogeneous Risk Groups** | HRG |
| **Lines of Business** | LoB |
| **Long Term Guarantees Measures** | LTG |
| **Management Actions** | FMG |
| **Market consistent** | |
| **Minimum Capital Requirement** | MCR |
| **Non hedgeable risks** | |
| **Non Similar to Life Technique** | Non-SLT |
| **Reference curve** | |
| **Solvency Capital Requirement** | SCR |
| **Risk Appetite Framework** | RAF |
| **Risk free curve** | |
| **Risk margin** | RM |
| **Risk neutral** | |
| **Quantitative Reporting Template** | QRT |
| **Similar to Life Technique** | SLT |
| **Statutory reserve** | |
| **Technical Provisions** | TP |
| **Unbundling** | |
| **Underwriting risks** | |
| **Volatility adjustment** | VA |

To guarantee consistency of presentation, the Solvency rules contain specific definitions of insurance lines of business, as shown below:

| Solvency II Lines of Business | | |
|---|---|---|
| A. | Non-Life insurance obligations | |
| 1 | Medical expense insurance | Medical expense insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3. |
| 2 | Income protection insurance | Income protection insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in the line of business 3. |
| 3 | Workers' compensation insurance | Health insurance obligations which relate to accidents at work, industrial injury and occupational diseases and where the underlying business is not pursued on a similar technical basis to that of life insurance. |
| 4 | Motor vehicle liability insurance | Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land (including carrier's liability). |
| 5 | Other motor insurance | Insurance obligations which cover all damage to or loss of land vehicles (including railway rolling stock). |
| 6 | Marine, aviation and transport insurance | Insurance obligations which cover all damage or loss to sea, lake, river and canal vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. Insurance obligations which cover liabilities arising out of the use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability). |
| 7 | Fire and other damage to property insurance | Insurance obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6 due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft. |
| 8 | General liability insurance | Insurance obligations which cover all liabilities other than those in the lines of business 4 and 6. |
| 9 | Credit and suretyship insurance | Insurance obligations which cover insolvency, export credit, instalment credit, mortgages, agricultural credit and direct and indirect suretyship. |
| 10 | Legal expenses insurance | Insurance obligations which cover legal expenses and cost of litigation. |
| 11 | Assistance | Insurance obligations which cover assistance for persons who get into difficulties while travelling, while away from home or while away from their habitual residence. |
| 12 | Miscellaneous financial loss | Insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses other than those mentioned above, other financial loss (non-trading) as well as any other risk of Non-Life insurance not covered by the lines of business 1 to 11. |

| | | |
|---|---|---|
| B. | Proportional non-life reinsurance obligations | |
| 13-24 | Proportional reinsurance obligations that relate to policies in the areas of activity from 1 to 12 respectively. | |
| C. | Non-proportional non-life reinsurance obligations | |
| 25 | Non-proportional Health reinsurance | Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 1 to 3. |
| 26 | Non-proportional casualty reinsurance | Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 4 and 8. |
| 27 | Non-proportional marine, aviation and transport reinsurance | Non-proportional reinsurance obligations relating to insurance obligations included in line of business 6. |
| 28 | Non-proportional property reinsurance | Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 5, 7 and 9 to 12. |
| D. | Life insurance obligations | |
| 29 | Health insurance | Health insurance obligations where the underlying business is pursued on a similar technical basis to that of life insurance, other than those included in line of business 33. |
| 30 | Insurance with profit participation | Insurance obligations with profit participation other than obligations included in line of business 33 and 34. |
| 31 | Index-linked and unit-linked insurance | Insurance obligations with Index-linked and unit-linked benefits other than those included in lines of business 33 and 34. |
| 32 | Other life insurance | Other life insurance obligations other than obligations included in lines of business 29 to 31, 33 and 34. |
| 33 | Annuities stemming from Non-Life insurance contracts and relating to Health insurance obligations | |
| 34 | Annuities stemming from Non-Life insurance contracts and relating to insurance obligations other than Health insurance obligations | |
| E. | Life reinsurance obligations | |
| 35 | Health reinsurance | Reinsurance obligations which relate to the obligations included in lines of business 29 and 33. |
| 36 | Life reinsurance | Reinsurance obligations which relate to the obligations included in lines of business 30 to 32 and 34 |

# Annexes- QRT Intesa Sanpaolo Vita Group

# S.02.01.01

**Annex I**
**S.02.01.01**
**Balance sheet**

*(euro thousands)*

| Assets | | Solvency II value |
|---|---|---|
| | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | 1,833,665.4 |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 1,643.4 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 81,896,856.6 |
| Property (other than for own use) | R0080 | 9,070.0 |
| Holdings in related undertakings, including participations | R0090 | 2,533.0 |
| Equities | R0100 | 1,609,762.4 |
| Equities - listed | R0110 | 1,609,700.4 |
| Equities - unlisted | R0120 | 61.9 |
| Bonds | R0130 | 69,988,586.0 |
| Government Bonds | R0140 | 52,535,864.6 |
| Corporate Bonds | R0150 | 12,673,677.5 |
| Structured notes | R0160 | 4,767,254.9 |
| Collateralised securities | R0170 | 11,789.0 |
| Collective Investments Undertakings | R0180 | 10,277,268.8 |
| Derivatives | R0190 | 9,636.4 |
| Deposits other than cash equivalents | R0200 | - |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | 74,221,777.6 |
| Loans and mortgages | R0230 | 5,610.8 |
| Loans on policies | R0240 | 1,066.8 |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | 4,544.0 |
| Reinsurance recoverables from: | R0270 | 13,035.1 |
| Non-life and health similar to non-life | R0280 | 13,035.1 |
| Non-life excluding health | R0290 | 12,607.7 |
| Health similar to non-life | R0300 | 427.5 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | - |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | - |
| Life index-linked and unit-linked | R0340 | - |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | 8,632.4 |
| Reinsurance receivables | R0370 | 1,320.6 |
| Receivables (trade, not insurance) | R0380 | 2,364,175.5 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 1,163,577.1 |
| Any other assets, not elsewhere shown | R0420 | 669,746.6 |
| **Total assets** | R0500 | **162,180,041.0** |

*(euro thousands)*

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions – non-life | R0510 | 605,587.2 |
| Technical provisions – non-life (excluding health) | R0520 | 381,542.0 |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | 356,541.0 |
| Risk margin | R0550 | 25,001.0 |
| Technical provisions - health (similar to non-life) | R0560 | 224,045.3 |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | 209,054.7 |
| Risk margin | R0590 | 14,990.5 |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 76,804,428.4 |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | 76,804,428.4 |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | 76,459,901.8 |
| Risk margin | R0680 | 344,526.7 |
| Technical provisions – index-linked and unit-linked | R0690 | 72,353,463.9 |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | 72,007,867.8 |
| Risk margin | R0720 | 345,596.0 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 15,452.2 |
| Pension benefit obligations | R0760 | 10,070.6 |
| Deposits from reinsurers | R0770 | 2,558.7 |
| Deferred tax liabilities | R0780 | 2,142,342.9 |
| Derivatives | R0790 | 66,641.8 |
| Debts owed to credit institutions | R0800 | 2,080.7 |
| Financial liabilities other than debts owed to credit institutions | R0810 | - |
| Insurance & intermediaries payables | R0820 | 892,134.8 |
| Reinsurance payables | R0830 | 1,629.7 |
| Payables (trade, not insurance) | R0840 | 777,959.9 |
| Subordinated liabilities | R0850 | 2,084,456.4 |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | 2,084,456.4 |
| Any other liabilities, not elsewhere shown | R0880 | 520,321.0 |
| **Total liabilities** | **R0900** | **156,279,128.1** |
| **Excess of assets over liabilities** | **R1000** | **5,900,912.8** |

**Annex I**
**S.05.01.02**
**Premiums, claims and expenses by line of business**

*(euro thousands)*

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Line of Business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0110 | 5,996.7 | 146,448.6 | - | 68,721.3 | 11,317.5 | 9.8 | 78,760.8 | 24,313.6 | 346.8 | 2,550.7 | 6,394.0 | 86,705.6 | | | | | 431,565.5 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | | | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | | | | | | | | | |
| Reinsurers' share | R0140 | 315.7 | 136.3 | - | 547.8 | 207.5 | - | 358.2 | 226.2 | -8.5 | 2,270.5 | 2,016.5 | 1,026.0 | | | | | 7,096.2 |
| Net | R0200 | 5,681.0 | 146,312.4 | - | 68,173.5 | 11,110.0 | 9.8 | 78,402.6 | 24,087.4 | 355.3 | 280.2 | 4,377.5 | 85,679.6 | | | | | 424,469.3 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0210 | 6,232.2 | 101,768.7 | - | 69,139.7 | 11,139.2 | 9.5 | 58,781.4 | 23,849.5 | 3,016.0 | 2,489.1 | 6,295.0 | 70,132.0 | | | | | 352,852.2 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | | | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | | | | | | | | | |
| Reinsurers' share | R0240 | 376.6 | 156.4 | - | 547.8 | 207.5 | - | 506.8 | 242.1 | 1,331.3 | 2,188.8 | 2,904.9 | 888.0 | | | | | 9,350.3 |
| Net | R0300 | 5,855.5 | 101,612.3 | - | 68,591.8 | 10,931.7 | 9.5 | 58,274.6 | 23,607.4 | 1,684.7 | 300.3 | 3,390.1 | 69,243.9 | | | | | 343,501.9 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0310 | 4,259.8 | 15,410.8 | - | 43,966.6 | 5,212.3 | 4.2 | 8,680.8 | 6,325.4 | 2,595.0 | 248.9 | 1,762.3 | 2,151.8 | | | | | 90,618.0 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | | | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | | | | | | | | | |
| Reinsurers' share | R0340 | 183.4 | 93.6 | - | 33.8 | 193.1 | - | 99.7 | 82.4 | 1,632.4 | 502.6 | 1,453.8 | 569.0 | | | | | 4,843.8 |
| Net | R0400 | 4,076.4 | 15,317.3 | - | 43,932.8 | 5,019.2 | 4.2 | 8,581.1 | 6,243.0 | 962.6 | -253.7 | 308.5 | 1,582.8 | | | | | 85,774.2 |
| **Changes in other technical provisions** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | R0410 | -42.2 | -6.3 | - | - | -22.3 | - | -80.6 | - | -33.5 | - | - | - | | | | | -184.9 |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | | | | | | | | | | | - |
| Gross - Non- proportional reinsurance accepted | R0430 | | | | | | | | | | | | | | | | | - |
| Reinsurers'share | R0440 | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| Net | R0500 | -42.2 | -6.3 | - | - | -22.3 | - | -80.6 | - | -33.5 | - | - | - | | | | | -184.9 |
| **Expenses incurred** | R0550 | 1,194.1 | 59,794.4 | - | 23,220.4 | 3,462.0 | 3.2 | 33,587.4 | 7,929.4 | 189.1 | -436.4 | 3,170.5 | 34,711.8 | | | | | 166,825.9 |
| **Other expenses** | R1200 | | | | | | | | | | | | | | | | | 2,431.3 |
| **Total expenses** | R1300 | | | | | | | | | | | | | | | | | 169,257.2 |

*(euro thousands)*

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life-reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | **R1410** | - | 5,550,540.5 | 16,656,528.6 | 320,909.3 | - | - | - | - | 22,527,978.5 |
| Reinsurers' share | **R1420** | - | 301.8 | 65.2 | 1,156.4 | - | - | - | - | 1,523.4 |
| Net | **R1500** | - | 5,550,238.7 | 16,656,463.5 | 319,753.0 | - | - | - | - | 22,526,455.1 |
| **Premiums earned** | | | | | | | | | | |
| Gross | **R1510** | - | 5,550,540.5 | 16,656,528.6 | 320,909.3 | - | - | - | - | 22,527,978.5 |
| Reinsurers' share | **R1520** | - | 301.8 | - | 1,156.4 | - | - | - | - | 1,458.2 |
| Net | **R1600** | - | 5,550,238.7 | 16,656,528.6 | 319,753.0 | - | - | - | - | 22,526,520.3 |
| **Claims incurred** | | | | | | | | | | |
| Gross | **R1610** | - | 9,826,127.1 | 6,476,807.5 | 27,812.1 | - | - | - | - | 16,330,746.7 |
| Reinsurers' share | **R1620** | - | 32.3 | 26.5 | 433.5 | - | - | - | - | 492.3 |
| Net | **R1700** | - | 9,826,094.8 | 6,476,781.0 | 27,378.6 | - | - | - | - | 16,330,254.4 |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross | **R1710** | - | 3,012,031.6 | -11,389,029.6 | -109,539.4 | - | - | - | - | -8,486,537.4 |
| Reinsurers' share | **R1720** | - | - | - | 3.7 | - | - | - | - | 3.7 |
| Net | **R1800** | - | 3,012,031.6 | -11,389,029.6 | -109,543.1 | - | - | - | - | -8,486,541.1 |
| **Expenses incurred** | **R1900** | - | 172,355.5 | 537,363.6 | 102,123.2 | - | - | - | - | 811,842.4 |
| **Other expenses** | **R2500** | | | | | | | | | 2,009.3 |
| **Total expenses** | **R2600** | | | | | | | | | 813,851.7 |

# S.22.01.22

**Annex I**
**S.22.01.22**
**Impact of long term guarantees and transitional measures**

*(euro thousands)*

| | | Amount with Long Term Guarantee measures and transitionals | Impact of transitional on technical provisions | Impact of transitional on interest rate | Impact of volatility adjustment set to zero | Impact of matching adjustment set to zero |
|---|---|---|---|---|---|---|
| | | C0010 | C0030 | C0050 | C0070 | C0090 |
| Technical provisions | R0010 | 149,763,479.5 | - | - | 93,687.0 | - |
| Basic own funds | R0020 | 7,983,952.8 | - | - | -64,812.6 | - |
| Eligible own funds to meet Solvency Capital Requirement | R0050 | 7,983,952.8 | - | - | -64,812.6 | - |
| Solvency Capital Requirement | R0090 | 3,440,164.4 | - | - | 70,336.4 | - |

# S.23.01.22

**Annex I**
**S.23.01.22**
**Own funds**

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 677,869.3 | 677,869.3 | | | |
| Non-available called but not paid in ordinary share capital at group level | R0020 | | | | | |
| Share premium account related to ordinary share capital | R0030 | 1,328,097.5 | 1,328,097.5 | | | |
| Iinitial funds, members' contributions or the equivalent basic own - fund | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Non-available subordinated mutual member accounts at group level | R0060 | | | | | |
| Surplus funds | R0070 | | | | | |
| Non-available surplus funds at group level | R0080 | | | | | |
| Preference shares | R0090 | | | | | |
| Non-available preference shares at group level | R0100 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Non-available share premium account related to preference shares at group level | R0120 | | | | | |
| Reconciliation reserve | R0130 | 3,893,529.6 | 3,893,529.6 | | | |
| Subordinated liabilities | R0140 | 2,084,456.4 | | 785,713.6 | 1,298,742.8 | |
| Non-available subordinated liabilities at group level | R0150 | | | | | |
| An amount equal to the value of net deferred tax assets | R0160 | | | | | |
| The amount equal to the value of net deferred tax assets not available at the group level | R0170 | | | | | |
| Other items approved by supervisory authority as basic own funds not specified above | R0180 | | | | | |
| Non available own funds related to other own funds items approved by supervisory authority | R0190 | | | | | |
| Minority interests (if not reported as part of a specific own fund item) | R0200 | | | | | |
| Non-available minority interests at group level | R0210 | | | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities | R0230 | | | | | |
| whereof deducted according to art 228 of the Directive 2009/138/EC | R0240 | | | | | |
| Deductions for participations where there is non-availability of information (Article 229) | R0250 | | | | | |
| Deduction for participations included by using D&A when a combination of methods is used | R0260 | | | | | |
| Total of non-available own fund items | R0270 | - | - | - | - | - |
| **Total deductions** | R0280 | - | - | - | - | - |
| **Total basic own funds after deductions** | R0290 | 7,983,952.8 | 5,899,496.4 | 785,713.6 | 1,298,742.8 | - |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| | | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive | R0370 | | | | | |
| Non available ancillary own funds at group level | R0380 | | | | | |
| Other ancillary own funds | R0390 | - | | | | |
| **Total ancillary own funds** | R0400 | - | | | - | - |
| **Own funds of other financial sectors** | | | | | | |
| **Reconciliation reserve** | R0410 | | | | | |
| Institutions for occupational retirement provision | R0420 | | | | | |
| Non regulated entities carrying out financial activities | R0430 | | | | | |
| Total own funds of other financial sectors | R0440 | | | | | |
| **Own funds when using the D&A, exclusively or in combination of method 1** | | | | | | |
| Own funds aggregated when using the D&A and combination of method | R0450 | | | | | |
| Own funds aggregated when using the D&A and a combination of method net of IGT | R0460 | | | | | |
| | | | | | | |
| Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | R0520 | 7,983,952.8 | 5,899,496.4 | 785,713.6 | 1,298,742.8 | - |
| Total available own funds to meet the minimum consolidated group SCR | R0530 | 7,983,952.8 | 5,899,496.4 | 785,713.6 | 1,298,742.8 | |
| Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | R0560 | 7,983,952.8 | 5,899,496.4 | 785,713.6 | 1,298,742.8 | - |
| Total-eligible own funds to meet the minimum consolidated group SCR | R0570 | 7,034,713.1 | 5,899,496.4 | 785,713.6 | 349,503.1 | |
| **Minimum consolidated Group SCR** | R0610 | 1,747,515.7 | | | | |
| **Ratio of Eligible own funds to Minimum Consolidated Group SCR** | R0650 | 402.6% | | | | |
| **Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A )** | R0660 | 7,983,952.8 | 5,899,496.4 | 785,713.6 | 1,298,742.8 | |
| **Group SCR** | R0680 | 3,440,164.4 | | | | |
| **Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A** | R0690 | 232.1% | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 5,900,912.8 |
| Own shares (included as assets on the balance sheet) | R0710 | 1,416.4 |
| Forseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 2,005,966.8 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | - |
| Other non available own funds | R0750 | - |
| **Reconciliation reserve before deduction for participations in other financial sector** | R0760 | 3,893,529.6 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | 496,186.3 |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | 8,755.8 |
| **Total EPIFP** | R0790 | 504,942.1 |

# S.25.01.22

**Annex I**

**S.25.01.22**
**Solvency Capital Requirement - for groups on Standard Formula**

*(euro thousands)*

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0080 | C0090 |
| Market risk | R0010 | 4,533,421.2 | | |
| Counterparty default risk | R0020 | 227,440.6 | | |
| Life underwriting risk | R0030 | 1,087,922.8 | | |
| Health underwriting risk | R0040 | 81,795.0 | | |
| Non-life underwriting risk | R0050 | 133,489.8 | | |
| Diversification | R0060 | -1,015,393.0 | | |
| Intangible asset risk | R0070 | - | | |
| **Basic Solvency Capital Requirement** | R0100 | 5,048,676.6 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 563,146.4 |
| Loss-absorbing capacity of technical provisions | R0140 | -1,985,224.9 |
| Loss-absorbing capacity of deferred taxes | R0150 | -186,433.6 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | |
| **Solvency capital requirement excluding capital add-on** | R0200 | 3,440,164.4 |
| Capital add-on already set | R0210 | - |
| **Solvency capital requirement** | R0220 | 3,440,164.4 |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirements for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 30 | R0440 | |
| Minimum consolidated group solvency capital requirement | R0470 | 1,747,515.7 |
| **Information on other entities** | | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) | R0500 | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies | R0510 | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions | R0520 | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non - regulated entities carrying out financial activities | R0530 | |
| Capital requirement for non-controlled participation requirements | R0540 | |
| Capital requirement for residual undertakings | R0550 | |

| **Overall SCR** | | |
|---|---|---|
| SCR for undertakings included via D and A | R0560 | |
| **Solvency capital requirement** | R0570 | 3,440,164.43 |

# S.32.01.22

**Annex I**
**S.32.01.22**
**Undertakings in the scope of the group**

| Country | Identification code of the undertaking | Type of code of the ID of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non mutual) | Supervisory Authority |
|---|---|---|---|---|---|---|---|
| C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 |
| IT | LEI/5493000YZPPFRVZ7PF37 | LEI | Fideuram Vita | 1 | Societa Per Azioni | 2 | IVASS |
| IT | LEI/81560058D9F02B0FCD27 | LEI | Intesa Sanpaolo Assicura | 2 | Societa Per Azioni | 2 | IVASS |
| IE | LEI/635400H9NIJ5SQ65LG47 | LEI | Intesa Sanpaolo Life | 1 | Societa Per Azioni | 2 | CBI |
| IT | LEI/549300UM31PJ24TTSR94 | LEI | Intesa Sanpaolo Vita | 4 | Societa Per Azioni | 2 | IVASS |

| Criteria of influence | | | | | | Inclusion in the scope of group supervision | | Group solvency calculation |
|---|---|---|---|---|---|---|---|---|
| % capital share | % used for the establishment of consolidated accounts | % voting rights | Other criteria | Level of influence | Proportional share used for group solvency calculation | YES/NO | Date of decision if art. 214 is applied | Method used and under method 1, treatment of the undertaking |
| C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| 0 | 1 | 0 | Consolidata per direzione unitaria | 2 | 1 | 1 | | 1 |
| 1 | 1 | 1 | | 1 | 1 | 1 | | 1 |
| 1 | 1 | 1 | | 1 | 1 | 1 | | 1 |
| | | | | | | | | 1 |

# Annexes- QRT Intesa Sanpaolo Vita S.p.A.

# S.02.01.02

**Annex I**
**S.02.01.02**
**Balance sheet**

*(euro thousands)*

| Assets | | Solvency II value |
|---|---|---|
| | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | 1,696,653.5 |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 212.9 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 77,037,151.1 |
| Property (other than for own use) | R0080 | - |
| Holdings in related undertakings, including participations | R0090 | 1,468,782.2 |
| Equities | R0100 | 1,552,176.6 |
| Equities - listed | R0110 | 1,552,124.8 |
| Equities - unlisted | R0120 | 51.9 |
| Bonds | R0130 | 64,556,331.2 |
| Government Bonds | R0140 | 48,359,023.6 |
| Corporate Bonds | R0150 | 11,848,106.5 |
| Structured notes | R0160 | 4,343,709.8 |
| Collateralised securities | R0170 | 5,491.3 |
| Collective Investments Undertakings | R0180 | 9,450,508.1 |
| Derivatives | R0190 | 9,353.0 |
| Deposits other than cash equivalents | R0200 | - |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | 15,337,915.4 |
| Loans and mortgages | R0230 | 4,805.9 |
| Loans on policies | R0240 | 261.9 |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | 4,544.0 |
| Reinsurance recoverables from: | R0270 | - |
| Non-life and health similar to non-life | R0280 | - |
| Non-life excluding health | R0290 | - |
| Health similar to non-life | R0300 | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | - |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | - |
| Life index-linked and unit-linked | R0340 | - |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | 2,986.1 |
| Reinsurance receivables | R0370 | 122.6 |
| Receivables (trade, not insurance) | R0380 | 1,916,863.6 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 622,112.4 |
| Any other assets, not elsewhere shown | R0420 | 33,984.3 |
| **Total assets** | **R0500** | **96,652,807.7** |

*(euro thousands)*

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions – non-life | R0510 | 2,405.7 |
| Technical provisions – non-life (excluding health) | R0520 | - |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | - |
| Risk margin | R0550 | - |
| Technical provisions - health (similar to non-life) | R0560 | 2,405.7 |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | 2,405.7 |
| Risk margin | R0590 | - |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 71,806,426.8 |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | 71,806,426.8 |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | 71,483,214.0 |
| Risk margin | R0680 | 323,212.8 |
| Technical provisions – index-linked and unit-linked | R0690 | 14,492,953.0 |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | 14,394,740.9 |
| Risk margin | R0720 | 98,212.2 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 8,708.8 |
| Pension benefit obligations | R0760 | 5,321.7 |
| Deposits from reinsurers | R0770 | - |
| Deferred tax liabilities | R0780 | 1,921,906.4 |
| Derivatives | R0790 | 66,641.8 |
| Debts owed to credit institutions | R0800 | 2,080.7 |
| Financial liabilities other than debts owed to credit institutions | R0810 | - |
| Insurance & intermediaries payables | R0820 | 470,843.6 |
| Reinsurance payables | R0830 | 11.8 |
| Payables (trade, not insurance) | R0840 | 580,272.0 |
| Subordinated liabilities | R0850 | 1,939,953.3 |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | 1,939,953.3 |
| Any other liabilities, not elsewhere shown | R0880 | 182,531.8 |
| **Total liabilities** | **R0900** | **91,480,057.4** |
| **Excess of assets over liabilities** | **R1000** | **5,172,750.3** |

# S.05.01.02

**Annex I**
**S.05.01.02**
**Premiums, claims and expenses by line of business**

*(euro thousands)*

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0200 |
| **Premiums written** | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0110** | 5.5 | 1,037.6 | - | - | - | - | - | - | - | - | - | - | 1,043.1 |
| Gross - Proportional reinsurance accepted | **R0120** | | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross - Non-proportional reinsurance accepted | **R0130** | | | | | | | | | | | | | |
| Reinsurers' share | **R0140** | - | 54.0 | - | - | - | - | - | - | - | - | - | - | 54.0 |
| Net | **R0200** | 5.5 | 983.5 | - | - | - | - | - | - | - | - | - | - | 989.1 |
| **Premiums earned** | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0210** | 5.5 | 1,075.9 | | | | | | | | | | | 1,081.43 |
| Gross - Proportional reinsurance accepted | **R0220** | | | | | | | | | | | | | |
| Gross - Non-proportional reinsurance accepted | **R0230** | | | | | | | | | | | | | |
| Reinsurers' share | **R0240** | - | 58.3 | - | - | - | - | - | - | - | - | - | - | 58.3 |
| Net | **R0300** | 5.5 | 1,017.6 | - | - | - | - | - | - | - | - | - | - | 1,023.2 |
| **Claims incurred** | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0310** | - | 1,187.1 | - | - | - | - | - | - | - | - | - | - | 1,187.1 |
| Gross - Proportional reinsurance accepted | **R0320** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross - Non-proportional reinsurance accepted | **R0330** | | | | | | | | | | | | | - |
| Reinsurers' share | **R0340** | - | - | - | - | | | | | | | | | - |
| Net | **R0400** | - | 1,187.1 | - | - | | | | | | | | | 1,187.1 |
| **Changes in other technical provisions** | | - | - | - | - | | | | | | | | | - |
| Gross - Direct Business | **R0410** | - | -5.9 | | | | | | | | | | | -5.8 |
| Gross - Proportional reinsurance accepted | **R0420** | | | | | | | | | | | | | - |
| Gross - Non- proportional reinsurance accepted | **R0430** | | | | | | | | | | | | | - |
| Reinsurers'share | **R0440** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | **R0500** | - | -5.9 | - | - | - | - | - | - | - | - | - | - | -5.8 |
| **Expenses incurred** | **R0550** | 0.8 | 352.7 | - | - | - | - | - | - | - | - | - | - | 353.5 |
| **Other expenses** | **R1200** | | | | | | | | | | | | | |
| **Total expenses** | **R1300** | | | | | | | | | | | | | 353.5 |

*(euro thousands)*

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | **R1410** | - | 5,078,153.2 | 4,400,929.2 | 318,905.8 | - | - | - | - | 9,797,988.2 |
| Reinsurers' share | **R1420** | - | - | - | 523.1 | - | - | - | - | 523.1 |
| Net | **R1500** | - | 5,078,153.2 | 4,400,929.2 | 318,382.7 | - | - | - | - | 9,797,465.2 |
| **Premiums earned** | | - | - | - | - | - | - | - | - | - |
| Gross | **R1510** | - | 5,078,153.2 | 4,400,929.2 | 318,905.8 | - | - | - | - | 9,797,988.2 |
| Reinsurers' share | **R1520** | - | - | - | 523.1 | - | - | - | - | 523.1 |
| Net | **R1600** | - | 5,078,153.2 | 4,400,929.2 | 318,382.7 | - | - | - | - | 9,797,465.2 |
| **Claims incurred** | | - | - | - | - | - | - | - | - | - |
| Gross | **R1610** | - | 9,473,520.3 | 1,117,388.5 | 27,914.3 | - | - | - | - | 10,618,823.1 |
| Reinsurers' share | **R1620** | - | - | - | 365.8 | - | - | - | - | 365.8 |
| Net | **R1700** | - | 9,473,520.3 | 1,117,388.5 | 27,548.4 | - | - | - | - | 10,618,457.3 |
| **Changes in other technical provisions** | | - | - | - | - | - | - | - | - | - |
| Gross | **R1710** | - | 3,243,161.1 | -3,555,837.2 | -109,438.8 | - | - | - | - | -422,114.9 |
| Reinsurers' share | **R1720** | - | - | - | 3.7 | - | - | - | - | 3.7 |
| Net | **R1800** | - | 3,243,161.1 | -3,555,837.2 | -109,442.6 | - | - | - | - | -422,118.7 |
| **Expenses incurred** | **R1900** | - | 165,743.1 | 113,977.0 | 101,904.5 | - | - | - | - | 381,624.6 |
| **Other expenses** | **R2500** | | | | | | | | | 460.2 |
| **Total expenses** | **R2600** | | | | | | | | | 382,084.8 |

**Annex I**
**S.12.01.02**
**Life and Health SLT Technical Provisions**

*(euro thousands)*

| | | | Index-linked and unit-linked insurance | | | Other life insurance | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Insurance with profit participation | | Contracts without options and guarantees | Contracts with options or guarantees | | Contracts without options and guarantees | Contracts with options or guarantees | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | Total (Life other than health insurance, incl. Unit-Linked) |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0150 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0020** | - | - | | | - | | | - | - | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | |
| **Best Estimate** | | | | | | | | | | | |
| **Gross Best Estimate** | **R0030** | 71,054,784.8 | | 13,079,828.3 | 1,314,912.6 | | - | 428,429.3 | - | - | 85,877,954.9 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | - | | - | - | | - | - | - | - | - |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | **R0090** | 71,054,784.8 | | 13,079,828.3 | 1,314,912.6 | | - | 428,429.3 | - | - | 85,877,954.9 |
| **Risk Margin** | **R0100** | 299,129.4 | 98,212.2 | | | 24,083.4 | | | - | - | 421,425.0 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0110** | - | - | | | - | | | - | - | - |
| Best estimate | **R0120** | - | | | | | | | - | - | - |
| Risk margin | **R0130** | - | - | | | - | | | - | - | - |
| **Technical provisions - total** | **R0200** | 71,353,914.2 | 14,492,953.0 | | | 452,512.6 | | | - | - | 86,299,379.8 |

**Annex I**
**S.17.01.02**
**Non-life Technical Provisions**

*(euro thousands)*

| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | | Accepted non-proportional reinsurance | | | | Total Non-Life obligation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and | Non-proportional property reinsurance | |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions calculated as a whole** | R0010 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0050 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | | | | | | | | |
| **Best estimate** | | | | | | | | | | | | | | | | | | |
| Premium provisions | | | | | | | | | | | | | | | | | | |
| Gross | R0060 | 1.4 | 206.2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 207.6 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Best Estimate of Premium Provisions | R0150 | 1.4 | 206.2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 207.6 |
| **Claims provisions** | | | | | | | | | | | | | | | | | | |
| Gross | R0160 | 0.3 | 2,197.8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,198.0 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Best Estimate of Claims Provisions | R0250 | 0.3 | 2,197.8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,198.0 |
| **Total Best estimate - gross** | R0260 | 1.6 | 2,404.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,405.7 |
| **Total Best estimate - net** | R0270 | 1.6 | 2,404.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,405.7 |
| **Risk margin** | R0280 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | | | | | | | | |
| Technical Provisions calculated as a whole | R0290 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Best estimate | R0300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Risk margin | R0310 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Technical provisions - total** | | | | | | | | | | | | | | | | | | |
| Technical provisions - total | R0320 | 1.6 | 2,404.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,405.7 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | 1.6 | 2,404.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,405.7 |

# S.19.01.21

**Annex I**
**S.19.01.21**
**Non-life Insurance Claims Information**

**Total Non-Life Business**

| Accident year / Underwriting year | Z0020 | 1 |
|---|---|---|

**Gross Claims Paid (non-cumulative)**
(absolute amount)

*(euro thousands)*

| | | Development year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | | In Current year | Sum of years (cumulative) |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | | C0170 | C0180 |
| Prior | R0100 | | | | | | | | | | | | | R0100 | | |
| N-9 | R0160 | | | | | | | | | | | | | R0160 | | |
| N-8 | R0170 | | | | 103.0 | | | | | | | | | R0170 | | 103.0 |
| N-7 | R0180 | | | | | | | | | | | | | R0180 | | |
| N-6 | R0190 | | 55.0 | | | | | | | | | | | R0190 | | 55.0 |
| N-5 | R0200 | 55.0 | 251.0 | 55.0 | 79.0 | | | | | | | | | R0200 | | 440.0 |
| N-4 | R0210 | 55.0 | 110.0 | | | | | | | | | | | R0210 | | 165.0 |
| N-3 | R0220 | 103.0 | 55.0 | | | | | | | | | | | R0220 | | 158.0 |
| N-2 | R0230 | 203.0 | | | | | | | | | | | | R0230 | | 203.0 |
| N-1 | R0240 | | 258.0 | | | | | | | | | | | R0240 | 258.0 | 258.0 |
| N | R0250 | | | | | | | | | | | | | R0250 | | |
| | | | | | | | | | | | | | Total | R0260 | 258.0 | 1,383.0 |

**Gross undiscounted Best Estimate Claims Provisions**
(absolute amount)

*(euro thousands)*

| | | Development year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | | Year end (discounted data) |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | | | C0360 |
| Prior | R0100 | | | | | | | | | | | | | R0100 | |
| N-9 | R0160 | | | | | | | | | | | | | R0160 | |
| N-8 | R0170 | | | | | | | | | | | | | R0170 | |
| N-7 | R0180 | | | | | | | | 31.0 | | | | | R0180 | |
| N-6 | R0190 | | | | | | | | | | | | | R0190 | |
| N-5 | R0200 | | | | | | 53.0 | | | | | | | R0200 | |
| N-4 | R0210 | | | | | 628.0 | | | | | | | | R0210 | |
| N-3 | R0220 | | | | 158.0 | | | | | | | | | R0220 | |
| N-2 | R0230 | | | 257.0 | | | | | | | | | | R0230 | |
| N-1 | R0240 | | 99.0 | | | | | | | | | | | R0240 | |
| N | R0250 | 971.0 | | | | | | | | | | | | R0250 | 2,198.0 |
| | | | | | | | | | | | | | Total | R0260 | 2,198.0 |

# S.22.01.21

**Annex I**
**S.22.01.21**
**Impact of long term guarantees and transitional measures**

*(euro thousands)*

| | | Amount with Long Term Guarantee measures and transitionals | Impact of transitional on technical provisions | Impact of transitional on interest rate | Impact of volatility adjustment set to zero | Impact of matching adjustment set to zero |
|---|---|---|---|---|---|---|
| | | C0010 | C0030 | C0050 | C0070 | C0090 |
| Technical provisions | R0010 | 86,301,785.5 | - | - | 84,575.2 | - |
| Basic own funds | R0020 | 7,111,293.7 | - | - | -58,726.5 | - |
| Eligible own funds to meet Solvency Capital Requirement | R0050 | 7,111,293.7 | - | - | -58,726.5 | - |
| Solvency Capital Requirement | R0090 | 2,792,188.1 | - | - | 82,538.9 | - |
| Eligible own funds to meet Minimum Capital Requirement | R0100 | 6,208,350.9 | - | - | 6,939.4 | - |
| Minimum Capital Requirement | R0110 | 1,256,484.6 | - | - | 37,142.5 | - |

# S.23.01.01

**Annex I**
**S.23.01.01**
**Own funds**

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 320,422.5 | 320,422.5 | | | |
| Share premium account related to ordinary share capital | R0030 | 1,328,097.5 | 1,328,097.5 | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | 3,522,820.4 | 3,522,820.4 | | | |
| Subordinated liabilities | R0140 | 1,939,953.3 | | 785,713.6 | 1,154,239.7 | |
| An amount equal to the value of net deferred tax assets | R0160 | | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not | R0180 | | | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | 7,111,293.7 | 5,171,340.4 | 785,713.6 | 1,154,239.7 | - |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 7,111,293.7 | 5,171,340.4 | 785,713.6 | 1,154,239.7 | - |
| Total available own funds to meet the MCR | R0510 | 7,111,293.7 | 5,171,340.4 | 785,713.6 | 1,154,239.7 | |
| Total eligible own funds to meet the SCR | R0540 | 7,111,293.7 | 5,171,340.4 | 785,713.6 | 1,154,239.7 | - |
| Total eligible own funds to meet the MCR | R0550 | 6,208,350.9 | 5,171,340.4 | 785,713.6 | 251,296.9 | |
| **SCR** | R0580 | 2,792,188.1 | | | | |
| **MCR** | R0600 | 1,256,484.6 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 254.7% | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 494.1% | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 5,172,750.3 |
| Own shares (held directly and indirectly) | R0710 | 1,409.9 |
| Foreseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 1,648,520.0 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and | R0740 | - |
| **Reconciliation reserve** | R0760 | 3,522,820.4 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | 438,090.0 |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | - |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | 438,090.0 |

# S.25.01.21

**Annex I**

**S.25.01.21**
**Solvency Capital Requirement - for undertakings on Standard Formula**

*(euro thousands)*

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 4,230,862.7 | | |
| Counterparty default risk | R0020 | 185,849.5 | | |
| Life underwriting risk | R0030 | 781,674.2 | | |
| Health underwriting risk | R0040 | | | |
| Non-life underwriting risk | R0050 | | | |
| Diversification | R0060 | -652,495.9 | | |
| Intangible asset risk | R0070 | - | | |
| **Basic Solvency Capital Requirement** | R0100 | 4,545,890.5 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 349,526.2 |
| Loss-absorbing capacity of technical provisions | R0140 | -1,960,801.1 |
| Loss-absorbing capacity of deferred taxes | R0150 | -142,427.6 |
| Capital requirement for business operated in accordance with Art. 4 of Directive | R0160 | |
| **Solvency capital requirement excluding capital add-on** | R0200 | 2,792,188.1 |
| Capital add-on already set | R0210 | |
| **Solvency capital requirement** | R0220 | 2,792,188.1 |

| **Other information on SCR** | | |
|---|---|---|
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

# S.28.02.01

**Annex I**
**S.28.02.01**
**Minimum Capital Requirement - Both life and non-life insurance activity**

*(euro thousands)*

| | | Non-life activities | Life activities |
|---|---|---|---|
| | | MCR(NL,NL) Result | MCR(NL,L) Result |
| | | C0010 | C0020 |
| **Linear formula component for non-life insurance and reinsurance obligations** | R0010 | 398.9 | - |

*(euro thousands)*

| | | Non-life activities | | Life activities | |
|---|---|---|---|---|---|
| | | Net (of reinsurance/ SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months | Net (of reinsurance/ SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
| | | C0030 | C0040 | C0050 | C0060 |
| Medical expense insurance and proportional reinsurance | R0020 | 1.6 | 5.5 | - | - |
| Income protection insurance and proportional reinsurance | R0030 | 2,404.0 | 983.5 | - | - |
| Workers' compensation insurance and proportional reinsurance | R0040 | | | | |
| Motor vehicle liability insurance and proportional reinsurance | R0050 | | | | |
| Other motor insurance and proportional reinsurance | R0060 | | | | |
| Marine, aviation and transport insurance and proportional reinsurance | R0070 | | | | |
| Fire and other damage to property insurance and proportional reinsurance | R0080 | | | | |
| General liability insurance and proportional reinsurance | R0090 | | | | |
| Credit and suretyship insurance and proportional reinsurance | R0100 | | | | |
| Legal expenses insurance and proportional reinsurance | R0110 | | | | |
| Assistance and proportional reinsurance | R0120 | | | | |
| Miscellaneous financial loss insurance and proportional reinsurance | R0130 | | | | |
| Non-proportional health reinsurance | R0140 | | | | |
| Non-proportional casualty reinsurance | R0150 | | | | |
| Non-proportional marine, aviation and transport reinsurance | R0160 | | | | |
| Non-proportional property reinsurance | R0170 | | | | |

*(euro thousands)*

| | | Non-life activities | Life activities |
|---|---|---|---|
| | | MCR(L,NL) Result | MCR(L,L) Result |
| | | C0070 | C0080 |
| **Linear formula component for life insurance and reinsurance obligations** | R0200 | - | 2,463,558.0 |

*(euro thousands)*

| | | Non-life activities | | Life activities | |
|---|---|---|---|---|---|
| | | Net (of reinsurance/SPV) best estimate and TP | Net (of reinsurance/SPV) total capital at risk | Net (of reinsurance/ SPV) best estimate and | Net (of reinsurance/SPV) total capital at risk |
| | | C0090 | C0100 | C0110 | C0120 |
| Obligations with profit participation - guaranteed benefits | R0210 | | | 67,636,794.9 | |
| Obligations with profit participation - future discretionary benefits | R0220 | | | 3,417,989.8 | |
| Index-linked and unit-linked insurance obligations | R0230 | | | 14,394,740.9 | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | | | 428,429.3 | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | | | 41,388,396.0 |

**Overall MCR calculation**

| | | C0130 |
|---|---|---|
| Linear MCR | R0300 | 2,463,956.9 |
| SCR | R0310 | 2,792,188.1 |
| MCR cap | R0320 | 1,256,484.6 |
| MCR floor | R0330 | 698,047.0 |
| Combined MCR | R0340 | 1,256,484.6 |
| Absolute floor of the MCR | R0350 | 3,700.0 |
| | | C0130 |
| **Minimum Capital Requirement** | R0400 | 1,256,484.6 |

| **Notional non-life and life MCR calculation** | | Non-life activities | Life activities |
|---|---|---|---|
| | | C0140 | C0150 |
| Notional linear MCR | R0500 | 398.9 | 2,463,558.0 |
| Notional SCR excluding add-on (annual or latest calculation) | R0510 | 452.0 | 2,791,736.1 |
| Notional MCR cap | R0520 | 203.4 | 1,256,281.2 |
| Notional MCR floor | R0530 | 113.0 | 697,934.0 |
| Notional Combined MCR | R0540 | 203.4 | 1,256,281.2 |
| Absolute floor of the notional MCR | R0550 | 2,500.0 | 3,700.0 |
| Notional MCR | R0560 | 2,500.0 | 1,256,281.2 |

# Annexes- QRT Intesa Sanpaolo Assicura S.p.A.

# S.02.01.02

**Annex I**
**S.02.01.02**
**Balance sheet**

*(euro thousands)*

| Assets | | Solvency II value |
|---|---|---|
| | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | 14,066.2 |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 23.0 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 923,001.4 |
| Property (other than for own use) | R0080 | - |
| Holdings in related undertakings, including participations | R0090 | - |
| Equities | R0100 | 28,724.5 |
| Equities - listed | R0110 | 28,714.4 |
| Equities - unlisted | R0120 | 10.1 |
| Bonds | R0130 | 727,278.8 |
| Government Bonds | R0140 | 695,573.2 |
| Corporate Bonds | R0150 | 5,503.0 |
| Structured notes | R0160 | 26,202.7 |
| Collateralised securities | R0170 | - |
| Collective Investments Undertakings | R0180 | 166,998.1 |
| Derivatives | R0190 | - |
| Deposits other than cash equivalents | R0200 | - |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | - |
| Loans and mortgages | R0230 | - |
| Loans on policies | R0240 | - |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | - |
| Reinsurance recoverables from: | R0270 | 13,035.1 |
| Non-life and health similar to non-life | R0280 | 13,035.1 |
| Non-life excluding health | R0290 | 12,607.7 |
| Health similar to non-life | R0300 | 427.5 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | - |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | - |
| Life index-linked and unit-linked | R0340 | - |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | 3,775.3 |
| Reinsurance receivables | R0370 | 1,148.0 |
| Receivables (trade, not insurance) | R0380 | 13,743.4 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 36,501.3 |
| Any other assets, not elsewhere shown | R0420 | 9,148.4 |
| **Total assets** | **R0500** | **1,014,442.2** |

*(euro thousands)*

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions – non-life | R0510 | 603,181.6 |
| Technical provisions – non-life (excluding health) | R0520 | 381,542.0 |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | 356,541.0 |
| Risk margin | R0550 | 25,001.0 |
| Technical provisions - health (similar to non-life) | R0560 | 221,639.6 |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | 206,649.1 |
| Risk margin | R0590 | 14,990.5 |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | - |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | - |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | - |
| Risk margin | R0680 | - |
| Technical provisions – index-linked and unit-linked | R0690 | - |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | - |
| Risk margin | R0720 | - |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 170.0 |
| Pension benefit obligations | R0760 | 866.1 |
| Deposits from reinsurers | R0770 | 2,558.7 |
| Deferred tax liabilities | R0780 | 29,103.1 |
| Derivatives | R0790 | - |
| Debts owed to credit institutions | R0800 | - |
| Financial liabilities other than debts owed to credit institutions | R0810 | - |
| Insurance & intermediaries payables | R0820 | 8,232.2 |
| Reinsurance payables | R0830 | 1,601.5 |
| Payables (trade, not insurance) | R0840 | 39,712.3 |
| Subordinated liabilities | R0850 | - |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | - |
| Any other liabilities, not elsewhere shown | R0880 | 1,627.4 |
| **Total liabilities** | **R0900** | **687,052.8** |
| **Excess of assets over liabilities** | **R1000** | **327,389.4** |

**Annex I**
**S.05.01.02**
**Premiums, claims and expenses by line of business**

*(euro thousands)*

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | | Line of Business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0110** | 5,991.1 | 145,411.1 | - | 68,721.3 | 11,317.5 | 9.8 | 78,760.8 | 24,313.6 | 346.8 | 2,550.7 | 6,394.0 | 86,705.6 | | | | | 430,522.4 |
| Gross - Proportional reinsurance accept | **R0120** | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| Gross - Non-proportional reinsurance ac | **R0130** | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | **R0140** | 315.7 | 82.2 | - | 547.8 | 207.5 | - | 358.2 | 226.2 | -8.5 | 2,270.5 | 2,016.5 | 1,026.0 | - | - | - | - | 7,042.2 |
| Net | **R0200** | 5,675.4 | 145,328.8 | - | 68,173.5 | 11,110.0 | 9.8 | 78,402.6 | 24,087.4 | 355.3 | 280.2 | 4,377.5 | 85,679.6 | - | - | - | - | 423,480.2 |
| **Premiums earned** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0210** | 6,226.6 | 100,692.8 | - | 69,139.7 | 11,139.2 | 9.5 | 58,781.4 | 23,849.5 | 3,016.0 | 2,489.1 | 6,295.0 | 70,132.0 | | | | | 351,770.8 |
| Gross - Proportional reinsurance accept | **R0220** | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| Gross - Non-proportional reinsurance ac | **R0230** | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | **R0240** | 376.6 | 98.1 | - | 547.8 | 207.5 | - | 506.8 | 242.1 | 1,331.3 | 2,188.8 | 2,904.9 | 888.0 | - | - | - | - | 9,292.0 |
| Net | **R0300** | 5,850.0 | 100,594.7 | - | 68,591.8 | 10,931.7 | 9.5 | 58,274.6 | 23,607.4 | 1,684.7 | 300.3 | 3,390.1 | 69,243.9 | - | - | - | - | 342,478.8 |
| **Claims incurred** | | | | | | | | | | | | | | | | | | |
| Gross - Direct Business | **R0310** | 4,259.8 | 14,223.7 | - | 43,966.58 | 5,212.33 | 4.2 | 8,680.8 | 6,325.4 | 2,595.0 | 248.9 | 1,762.3 | 2,151.8 | | | | | 89,430.8 |
| Gross - Proportional reinsurance accept | **R0320** | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| Gross - Non-proportional reinsurance ac | **R0330** | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers' share | **R0340** | 183.4 | 93.6 | - | 33.8 | 193.1 | - | 99.7 | 82.4 | 1,632.4 | 502.6 | 1,453.8 | 569.0 | - | - | - | - | 4,843.8 |
| Net | **R0400** | 4,076.4 | 14,130.1 | - | 43,932.8 | 5,019.2 | 4.2 | 8,581.1 | 6,243.0 | 962.6 | -253.7 | 308.5 | 1,582.8 | - | - | - | - | 84,587.1 |
| **Changes in other technical provisions** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross - Direct Business | **R0410** | -42.2 | -0.4 | - | - | -22.3 | - | -80.6 | - | -33.5 | - | - | - | | | | | -179.0 |
| Gross - Proportional reinsurance accept | **R0420** | - | - | - | - | - | - | - | - | - | - | - | - | | | | | - |
| Gross - Non- proportional reinsurance ac | **R0430** | | | | | | | | | | | | | - | - | - | - | - |
| Reinsurers'share | **R0440** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net | **R0500** | -42.2 | -0.4 | - | - | -22.3 | - | -80.6 | - | -33.5 | - | - | - | - | - | - | - | -179.0 |
| **Expenses incurred** | **R0550** | 1,193.3 | 59,441.7 | - | 23,220.4 | 3,462.0 | 3.2 | 33,587.4 | 7,929.4 | 189.1 | -436.4 | 3,170.5 | 34,711.8 | - | - | - | - | 166,472.3 |
| **Other expenses** | **R1200** | | | | | | | | | | | | | | | | | 2,431.3 |
| **Total expenses** | **R1300** | | | | | | | | | | | | | | | | | 168,903.7 |

**Annex I**
**S.17.01.02**
**Non-life Technical Provisions**

*(euro thousands)*

| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | | Accepted non-proportional reinsurance | | | | Total Non-Life obligation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions calculated as a whole** | R0010 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0050 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | | | | | | | | |
| **Best estimate** | | | | | | | | | | | | | | | | | | |
| Premium provisions | | | | | | | | | | | | | | | | | | |
| Gross | R0060 | 800.3 | 163,186.3 | - | 26,631.7 | 3,517.9 | -0.5 | 73,889.0 | -91.9 | 3,134.5 | 159.7 | 915.4 | 113,376.8 | - | - | - | - | 385,519.2 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | -6.9 | -18.5 | - | -0.3 | -0.2 | - | 225.8 | -62.1 | 1,600.2 | 102.6 | 229.6 | 1,115.7 | - | - | - | - | 3,186.0 |
| Net Best Estimate of Premium Provisions | R0150 | 807.2 | 163,204.8 | - | 26,632.0 | 3,518.1 | -0.5 | 73,663.3 | -29.8 | 1,534.3 | 57.1 | 685.7 | 112,261.1 | - | - | - | - | 382,333.3 |
| **Claims provisions** | | | | | | | | | | | | | | - | - | - | - | |
| Gross | R0160 | 3,481.8 | 39,180.6 | - | 75,890.2 | 1,860.6 | 4.0 | 13,511.9 | 13,399.2 | 5,630.3 | 2,509.7 | 735.7 | 21,466.7 | - | - | - | - | 177,670.8 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | 281.4 | 171.5 | - | 729.8 | 226.5 | - | 278.1 | 518.8 | 3,234.5 | 2,188.1 | 626.1 | 1,594.4 | - | - | - | - | 9,849.1 |
| Net Best Estimate of Claims Provisions | R0250 | 3,200.5 | 39,009.1 | - | 75,160.4 | 1,634.1 | 4.0 | 13,233.8 | 12,880.5 | 2,395.8 | 321.6 | 109.6 | 19,872.3 | - | - | - | - | 167,821.7 |
| **Total Best estimate - gross** | R0260 | 4,282.1 | 202,367.0 | - | 102,521.9 | 5,378.6 | 3.5 | 87,400.9 | 13,307.3 | 8,764.9 | 2,669.4 | 1,651.0 | 134,843.5 | - | - | - | - | 563,190.1 |
| **Total Best estimate - net** | R0270 | 4,007.6 | 202,214.0 | - | 101,792.4 | 5,152.3 | 3.5 | 86,897.0 | 12,850.6 | 3,930.1 | 378.7 | 795.3 | 132,133.4 | - | - | - | - | 550,155.0 |
| **Risk margin** | R0280 | 291.3 | 14,699.2 | - | 7,399.4 | 374.5 | 0.3 | 6,316.7 | 934.1 | 285.7 | 27.5 | 57.8 | 9,604.9 | - | - | - | - | 39,991.5 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | | | | | | | | |
| Technical Provisions calculated as a whole | R0290 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Best estimate | R0300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Risk margin | R0310 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Technical provisions - total** | | | | | | | | | | | | | | | | | | |
| Technical provisions - total | R0320 | 4,573.4 | 217,066.2 | - | 109,921.3 | 5,753.1 | 3.8 | 93,717.6 | 14,241.5 | 9,050.6 | 2,696.9 | 1,708.8 | 144,448.4 | - | - | - | - | 603,181.6 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | 274.5 | 153.0 | - | 729.5 | 226.3 | - | 503.9 | 456.7 | 4,834.7 | 2,290.8 | 855.7 | 2,710.1 | - | - | - | - | 13,035.1 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | 4,299.0 | 216,913.2 | - | 109,191.8 | 5,526.8 | 3.8 | 93,213.7 | 13,784.8 | 4,215.8 | 406.2 | 853.1 | 141,738.3 | - | - | - | - | 590,146.5 |

# S.19.01.21

**Annex I**
**S.19.01.21**
**Non-life Insurance Claims Information**

**Total Non-Life Business**

| Accident year / Underwriting year | Z0020 | 1 |
|---|---|---|

**Gross Claims Paid (non-cumulative)**
(absolute amount) *(euro thousands)*

| | | Development year | | | | | | | | | | | | *(euro thousands)* | *(euro thousands)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | In Current year | Sum of years (cumulative) |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | | C0170 | C0180 |
| Prior | R0100 | | | | | | | | | | | 175.0 | R0100 | 175.0 | 579.0 |
| N-9 | R0160 | 10,951.0 | 13,801.0 | 3,223.0 | 763.0 | 439.0 | 209.0 | 141.0 | 158.0 | 35.0 | 52.0 | | R0160 | 52.0 | 29,771.0 |
| N-8 | R0170 | 18,281.0 | 15,793.0 | 3,027.0 | 1,214.0 | 504.0 | 396.0 | 160.0 | 45.0 | 29.0 | | | R0170 | 29.0 | 39,449.0 |
| N-7 | R0180 | 18,454.0 | 16,123.0 | 5,543.0 | 1,461.0 | 1,238.0 | 301.0 | 250.0 | 198.0 | | | | R0180 | 198.0 | 43,568.0 |
| N-6 | R0190 | 16,907.0 | 25,118.0 | 6,516.0 | 4,078.0 | 2,206.0 | 1,627.0 | 618.0 | | | | | R0190 | 618.0 | 57,069.0 |
| N-5 | R0200 | 20,714.0 | 26,676.0 | 12,058.0 | 4,372.0 | 2,378.0 | 962.0 | | | | | | R0200 | 962.0 | 67,160.0 |
| N-4 | R0210 | 28,568.0 | 32,889.0 | 16,213.0 | 3,113.0 | 1,654.0 | | | | | | | R0210 | 1,654.0 | 82,437.0 |
| N-3 | R0220 | 32,634.0 | 34,148.0 | 6,624.0 | 2,070.0 | | | | | | | | R0220 | 2,070.0 | 75,476.0 |
| N-2 | R0230 | 35,842.0 | 30,441.0 | 9,347.0 | | | | | | | | | R0230 | 9,347.0 | 75,630.0 |
| N-1 | R0240 | 37,951.0 | 30,126.0 | | | | | | | | | | R0240 | 30,126.0 | 68,077.0 |
| N | R0250 | 38,615.0 | | | | | | | | | | | R0250 | 38,615.0 | 38,615.0 |
| | | | | | | | | | | | | | Total R0260 | 83,847.0 | 577,830.0 |

**Gross undiscounted Best Estimate Claims Provisions**
(absolute amount) *(euro thousands)*

| | | Development year | | | | | | | | | | | | *(euro thousands)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | Year end (discounted data) |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | | C0360 |
| Prior | R0100 | | | | | | | | | | | 51.0 | R0100 | |
| N-9 | R0160 | | | | | | | | | 2,402.0 | 1,698.0 | | R0160 | |
| N-8 | R0170 | | | | | | | | 745.0 | 577.0 | | | R0170 | |
| N-7 | R0180 | | | | | | | 2,075.0 | 1,562.0 | | | | R0180 | |
| N-6 | R0190 | | | | | | 7,583.0 | 4,993.0 | | | | | R0190 | |
| N-5 | R0200 | | | | | 13,253.0 | 8,674.0 | | | | | | R0200 | |
| N-4 | R0210 | | | | 16,242.0 | 12,447.0 | | | | | | | R0210 | |
| N-3 | R0220 | | | 17,705.0 | 12,689.0 | | | | | | | | R0220 | |
| N-2 | R0230 | | 25,121.0 | 12,028.0 | | | | | | | | | R0230 | |
| N-1 | R0240 | 85,397.0 | 35,279.0 | | | | | | | | | | R0240 | |
| N | R0250 | 88,146.0 | | | | | | | | | | | R0250 | |
| | | | | | | | | | | | | | Total R0260 | |

# S.23.01.01

**Annex I**
**S.23.01.01**
**Own funds**

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 27,912.3 | 27,912.3 | | | |
| Share premium account related to ordinary share capital | R0030 | - | - | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | - | - | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | 299,265.5 | 299,265.5 | | | |
| Subordinated liabilities | R0140 | | | | | |
| An amount equal to the value of net deferred tax assets | R0160 | | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not | R0180 | | | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | 327,177.7 | 327,177.7 | - | - | - |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 327,177.7 | 327,177.7 | - | - | - |
| Total available own funds to meet the MCR | R0510 | 327,177.7 | 327,177.7 | - | - | |
| Total eligible own funds to meet the SCR | R0540 | 327,177.7 | 327,177.7 | - | - | - |
| Total eligible own funds to meet the MCR | R0550 | 327,177.7 | 327,177.7 | - | - | |
| **SCR** | R0580 | 179,445.9 | | | | |
| **MCR** | R0600 | 80,750.6 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 182.3% | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 405.2% | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 327,389.4 |
| Own shares (held directly and indirectly) | R0710 | 211.7 |
| Foreseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 27,912.3 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and | R0740 | - |
| **Reconciliation reserve** | R0760 | 299,265.5 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | - |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | 8,755.8 |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | 8,755.8 |

# S.25.01.21

**Annex I**

**S.25.01.21**
**Solvency Capital Requirement - for undertakings on Standard Formula**

*(euro thousands)*

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 26,972.2 | | |
| Counterparty default risk | R0020 | 7,278.0 | | |
| Life underwriting risk | R0030 | | | |
| Health underwriting risk | R0040 | 81,795.0 | | |
| Non-life underwriting risk | R0050 | 133,489.8 | | |
| Diversification | R0060 | -77,601.6 | | |
| Intangible asset risk | R0070 | | | |
| **Basic Solvency Capital Requirement** | R0100 | 171,933.5 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 16,895.7 |
| Loss-absorbing capacity of technical provisions | R0140 | |
| Loss-absorbing capacity of deferred taxes | R0150 | -9,383.3 |
| Capital requirement for business operated in accordance with Art. 4 of Directive | R0160 | - |
| **Solvency capital requirement excluding capital add-on** | R0200 | 179,445.9 |
| Capital add-on already set | R0210 | |
| **Solvency capital requirement** | R0220 | 179,445.9 |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

# S.28.01.01

**Annex I**
**S.28.01.01**
**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**

**Linear formula component for non-life insurance and reinsurance obligations**

*(euro thousands)*

| | | C0010 |
|---|---|---|
| MCRNL Result | R0010 | 110,492.4 |

*(euro thousands)*

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|---|---|---|---|
| | | C0020 | C0030 |
| Medical expense insurance and proportional reinsurance | R0020 | 4,007.6 | 5,675.4 |
| Income protection insurance and proportional reinsurance | R0030 | 202,214.0 | 145,328.8 |
| Workers' compensation insurance and proportional reinsurance | R0040 | - | - |
| Motor vehicle liability insurance and proportional reinsurance | R0050 | 101,792.4 | 68,173.5 |
| Other motor insurance and proportional reinsurance | R0060 | 5,152.3 | 11,110.0 |
| Marine, aviation and transport insurance and proportional reinsurance | R0070 | 3.5 | 9.8 |
| Fire and other damage to property insurance and proportional reinsurance | R0080 | 86,897.0 | 78,402.6 |
| General liability insurance and proportional reinsurance | R0090 | 12,850.6 | 24,087.4 |
| Credit and suretyship insurance and proportional reinsurance | R0100 | 3,930.1 | 355.3 |
| Legal expenses insurance and proportional reinsurance | R0110 | 378.7 | 280.2 |
| Assistance and proportional reinsurance | R0120 | 795.3 | 3,354.7 |
| Miscellaneous financial loss insurance and proportional reinsurance | R0130 | 132,133.4 | 86,702.5 |
| Non-proportional health reinsurance | R0140 | - | - |
| Non-proportional casualty reinsurance | R0150 | - | - |
| Non-proportional marine, aviation and transport reinsurance | R0160 | - | - |
| Non-proportional property reinsurance | R0170 | - | - |

**Linear formula component for life insurance and reinsurance obligations**

| | | C0040 |
|---|---|---|
| $MCR_L$ Result | R0200 | |

*(euro thousands)*

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation - guaranteed benefits | R0210 | | |
| Obligations with profit participation - future discretionary benefits | R0220 | | |
| Index-linked and unit-linked insurance obligations | R0230 | | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | |

**Overall MCR calculation**

*(euro thousands)*

| | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 110,492.4 |
| SCR | R0310 | 179,445.9 |
| MCR cap | R0320 | 80,750.6 |
| MCR floor | R0330 | 44,861.5 |
| Combined MCR | R0340 | 80,750.6 |
| Absolute floor of the MCR | R0350 | 2,500.0 |
| | | C0070 |
| **Minimum Capital Requirement** | R0400 | 80,750.6 |

# Annexes- QRT Fideuram Vita S.p.A.

# S.02.01.02

**Annex I**
**S.02.01.02**
**Balance sheet**

*(euro thousands)*

| Assets | | Solvency II value |
|---|---|---|
| | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | 122,945.7 |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 27.6 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 5,089,988.1 |
| Property (other than for own use) | R0080 | 9,070.0 |
| Holdings in related undertakings, including participations | R0090 | 220.9 |
| Equities | R0100 | 28,477.0 |
| Equities - listed | R0110 | 28,477.0 |
| Equities - unlisted | R0120 | - |
| Bonds | R0130 | 4,526,804.1 |
| Government Bonds | R0140 | 3,323,029.2 |
| Corporate Bonds | R0150 | 800,134.7 |
| Structured notes | R0160 | 397,342.4 |
| Collateralised securities | R0170 | 6,297.7 |
| Collective Investments Undertakings | R0180 | 525,133.6 |
| Derivatives | R0190 | 282.6 |
| Deposits other than cash equivalents | R0200 | - |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | 26,699,058.8 |
| Loans and mortgages | R0230 | 804.9 |
| Loans on policies | R0240 | 804.9 |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | - |
| Reinsurance recoverables from: | R0270 | - |
| Non-life and health similar to non-life | R0280 | - |
| Non-life excluding health | R0290 | - |
| Health similar to non-life | R0300 | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | - |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | - |
| Life index-linked and unit-linked | R0340 | - |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | 1,871.0 |
| Reinsurance receivables | R0370 | 50.0 |
| Receivables (trade, not insurance) | R0380 | 421.7 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 393,306.7 |
| Any other assets, not elsewhere shown | R0420 | 626,519.7 |
| **Total assets** | **R0500** | **32,934,994.2** |

*(euro thousands)*

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions – non-life | R0510 | - |
| Technical provisions – non-life (excluding health) | R0520 | - |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | - |
| Risk margin | R0550 | - |
| Technical provisions - health (similar to non-life) | R0560 | - |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | - |
| Risk margin | R0590 | - |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 4,998,001.6 |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | 4,998,001.6 |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | 4,976,687.7 |
| Risk margin | R0680 | 21,313.9 |
| Technical provisions – index-linked and unit-linked | R0690 | 26,354,013.0 |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | 26,241,626.9 |
| Risk margin | R0720 | 112,386.2 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 2,334.8 |
| Pension benefit obligations | R0760 | 3,882.8 |
| Deposits from reinsurers | R0770 | - |
| Deferred tax liabilities | R0780 | 126,227.0 |
| Derivatives | R0790 | - |
| Debts owed to credit institutions | R0800 | |
| Financial liabilities other than debts owed to credit institutions | R0810 | |
| Insurance & intermediaries payables | R0820 | 288,528.5 |
| Reinsurance payables | R0830 | - |
| Payables (trade, not insurance) | R0840 | 10,983.6 |
| Subordinated liabilities | R0850 | 144,708.3 |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | 144,708.3 |
| Any other liabilities, not elsewhere shown | R0880 | 294,376.7 |
| **Total liabilities** | R0900 | **32,223,056.3** |
| **Excess of assets over liabilities** | R1000 | **711,937.9** |

**Annex I**
**S.05.01.02**
**Premiums, claims and expenses by line of business**

*(euro thousands)*

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life-reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | **R1410** | - | 472,387.3 | 4,314,141.0 | 2,003.6 | - | - | - | - | 4,788,531.9 |
| Reinsurers' share | **R1420** | - | 301.8 | - | 633.3 | - | - | - | - | 935.1 |
| Net | **R1500** | - | 472,085.5 | 4,314,141.0 | 1,370.2 | - | - | - | - | 4,787,596.7 |
| **Premiums earned** | | - | | | | | | | | |
| Gross | **R1510** | - | 472,387.3 | 4,314,141.0 | 2,003.6 | - | - | - | - | 4,788,531.9 |
| Reinsurers' share | **R1520** | - | 301.8 | - | 633.3 | - | - | - | - | 935.1 |
| Net | **R1600** | - | 472,085.5 | 4,314,141.0 | 1,370.2 | - | - | - | - | 4,787,596.7 |
| **Claims incurred** | | | | | | | | | | |
| Gross | **R1610** | - | 352,606.7 | 2,675,325.3 | -102.1 | - | - | - | - | 3,027,829.9 |
| Reinsurers' share | **R1620** | - | 32.3 | - | 67.7 | - | - | - | - | 100.0 |
| Net | **R1700** | - | 352,574.4 | 2,675,325.3 | -169.9 | - | - | - | - | 3,027,729.9 |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross | **R1710** | - | -231,129.5 | -2,191,022.7 | -100.6 | - | - | - | - | -2,422,252.8 |
| Reinsurers' share | **R1720** | - | - | - | - | - | - | - | - | - |
| Net | **R1800** | - | -231,129.5 | -2,191,022.7 | -100.6 | - | - | - | - | -2,422,252.8 |
| **Expenses incurred** | **R1900** | - | 6,624.0 | 29,798.3 | 218.7 | - | - | - | - | 36,641.1 |
| **Other expenses** | **R2500** | | | | | | | | | 1,549.1 |
| **Total expenses** | **R2600** | | | | | | | | | 38,190.2 |

# S.12.01.02

**Annex I**
**S.12.01.02**
**Life and Health SLT Technical Provisions**

*(euro thousands)*

| | | | Index-linked and unit-linked insurance | | | Other life insurance | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Insurance with profit participation | | Contracts without options and guarantees | Contracts with options or guarantees | | Contracts without options and guarantees | Contracts with options or guarantees | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | Total (Life other than health insurance, incl. Unit-Linked) |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0150 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0020** | - | - | | | - | | | - | - | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | |
| **Best Estimate** | | | | | | | | | | | |
| **Gross Best Estimate** | **R0030** | 4,977,799.3 | | 25,239,889.6 | 1,001,737.2 | | - | -1,111.6 | - | - | 31,218,314.6 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | - | | - | - | | - | - | - | - | - |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | **R0090** | 4,977,799.3 | | 25,239,889.6 | 1,001,737.2 | | - | -1,111.6 | - | - | 31,218,314.6 |
| **Risk Margin** | **R0100** | 21,313.9 | 112,386.2 | | | - | | | - | - | 133,700.0 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0110** | - | - | | | - | | | - | - | - |
| Best estimate | **R0120** | - | | | | | | | - | - | - |
| Risk margin | **R0130** | - | - | | | - | | | - | - | - |
| **Technical provisions - total** | **R0200** | 4,999,113.2 | 26,354,013.0 | | | -1,111.6 | | | - | - | 31,352,014.6 |

# S.22.01.21

**Annex I**
**S.22.01.21**
**Impact of long term guarantees and transitional measures**

*(euro thousands)*

| | | Amount with Long Term Guarantee measures and transitionals | Impact of transitional on technical provisions | Impact of transitional on interest rate | Impact of volatility adjustment set to zero | Impact of matching adjustment set to zero |
|---|---|---|---|---|---|---|
| | | C0010 | C0030 | C0050 | C0070 | C0090 |
| Technical provisions | R0010 | 31,352,014.6 | - | - | 8,797.6 | - |
| Basic own funds | R0020 | 856,646.2 | - | - | -6,086.2 | - |
| Eligible own funds to meet Solvency Capital Requirement | R0050 | 856,646.2 | - | - | -6,086.2 | - |
| Solvency Capital Requirement | R0090 | 501,493.0 | - | - | 1,685.9 | - |
| Eligible own funds to meet Minimum Capital Requirement | R0100 | 757,075.5 | - | - | -22,282.1 | - |
| Minimum Capital Requirement | R0110 | 225,687.9 | - | - | 742.7 | - |

# S.23.01.01

**Annex I**
**S.23.01.01**
**Own funds**

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 357,446.8 | 357,446.8 | | | |
| Share premium account related to ordinary share capital | R0030 | | | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | 354,491.1 | 354,491.1 | | | |
| Subordinated liabilities | R0140 | 144,708.3 | | - | 144,708.3 | |
| An amount equal to the value of net deferred tax assets | R0160 | | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not | R0180 | | | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | 856,646.2 | 711,937.9 | - | 144,708.3 | - |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 856,646.2 | 711,937.9 | - | 144,708.3 | - |
| Total available own funds to meet the MCR | R0510 | 856,646.2 | 711,937.9 | - | 144,708.3 | |
| Total eligible own funds to meet the SCR | R0540 | 856,646.2 | 711,937.9 | - | 144,708.3 | - |
| Total eligible own funds to meet the MCR | R0550 | 757,075.5 | 711,937.9 | - | 45,137.6 | |
| **SCR** | R0580 | 501,493.0 | | | | |
| **MCR** | R0600 | 225,687.9 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 170.8% | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 335.5% | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 711,937.9 |
| Own shares (held directly and indirectly) | R0710 | - |
| Foreseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 357,446.8 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and | R0740 | - |
| **Reconciliation reserve** | R0760 | 354,491.1 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | 58,096.3 |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | - |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | 58,096.3 |

# S.25.01.21

**Annex I**

**S.25.01.21**
**Solvency Capital Requirement - for undertakings on Standard Formula**

*(euro thousands)*

| | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 339,620.9 | | |
| Counterparty default risk | R0020 | 11,623.4 | | |
| Life underwriting risk | R0030 | 198,159.7 | | |
| Health underwriting risk | R0040 | | | |
| Non-life underwriting risk | R0050 | | | |
| Diversification | R0060 | -111,774.3 | | |
| Intangible asset risk | R0070 | - | | |
| **Basic Solvency Capital Requirement** | R0100 | 437,629.7 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 129,664.3 |
| Loss-absorbing capacity of technical provisions | R0140 | -65,765.4 |
| Loss-absorbing capacity of deferred taxes | R0150 | -35.5 |
| Capital requirement for business operated in accordance with Art. 4 of Directive | R0160 | |
| **Solvency capital requirement excluding capital add-on** | R0200 | 501,493.0 |
| Capital add-on already set | R0210 | - |
| **Solvency capital requirement** | R0220 | 501,493.0 |
| **Other information on SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

# S.28.01.01

**Annex I**
**S.28.01.01**
**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**

**Linear formula component for life insurance and reinsurance obligations**

*(euro thousands)*

| | | C0040 |
|---|---|---|
| $MCR_L$ Result | R0200 | 358,021.65 |

*(euro thousands)*

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation - guaranteed benefits | R0210 | 4,977,799.3 | |
| Obligations with profit participation - future discretionary benefits | R0220 | 192,145.7 | |
| Index-linked and unit-linked insurance obligations | R0230 | 26,241,626.9 | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | -1,111.6 | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | 204,656.9 |

**Overall MCR calculation**

*(euro thousands)*

| | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 358,021.6 |
| SCR | R0310 | 501,528.6 |
| MCR cap | R0320 | 225,687.9 |
| MCR floor | R0330 | 125,382.1 |
| Combined MCR | R0340 | 225,687.9 |
| Absolute floor of the MCR | R0350 | 3,700.0 |
| | | C0070 |
| **Minimum Capital Requirement** | R0400 | 225,687.9 |

# Annexes- QRT Intesa Sanpaolo Life D.A.C.

# S.02.01.02

**Annex I**
**S.02.01.02**
**Balance sheet**

*(euro thousands)*

| Assets | | Solvency II value |
|---|---|---|
| | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | - |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 1,379.9 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 313,185.9 |
| Property (other than for own use) | R0080 | - |
| Holdings in related undertakings, including participations | R0090 | - |
| Equities | R0100 | 384.2 |
| Equities - listed | R0110 | 384.2 |
| Equities - unlisted | R0120 | - |
| Bonds | R0130 | 178,171.9 |
| Government Bonds | R0140 | 158,238.5 |
| Corporate Bonds | R0150 | 19,933.3 |
| Structured notes | R0160 | - |
| Collateralised securities | R0170 | - |
| Collective Investments Undertakings | R0180 | 134,629.0 |
| Derivatives | R0190 | 0.8 |
| Deposits other than cash equivalents | R0200 | - |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | 32,185,008.5 |
| Loans and mortgages | R0230 | - |
| Loans on policies | R0240 | - |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | - |
| Reinsurance recoverables from: | R0270 | - |
| Non-life and health similar to non-life | R0280 | - |
| Non-life excluding health | R0290 | - |
| Health similar to non-life | R0300 | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | - |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | - |
| Life index-linked and unit-linked | R0340 | - |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | - |
| Reinsurance receivables | R0370 | - |
| Receivables (trade, not insurance) | R0380 | 438,851.8 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 111,656.7 |
| Any other assets, not elsewhere shown | R0420 | 94.2 |
| **Total assets** | **R0500** | **33,050,177.0** |

*(euro thousands)*

| Liabilities | | Solvency II value |
|---|---|---|
| | | C0010 |
| Technical provisions – non-life | R0510 | - |
| Technical provisions – non-life (excluding health) | R0520 | - |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | - |
| Risk margin | R0550 | - |
| Technical provisions - health (similar to non-life) | R0560 | - |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | - |
| Risk margin | R0590 | - |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | - |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | - |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | - |
| Risk margin | R0680 | - |
| Technical provisions – index-linked and unit-linked | R0690 | 31.506.497,8 |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | 31.371.500,1 |
| Risk margin | R0720 | 134.997,7 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 4.238,5 |
| Pension benefit obligations | R0760 | - |
| Deposits from reinsurers | R0770 | - |
| Deferred tax liabilities | R0780 | 80.412,1 |
| Derivatives | R0790 | - |
| Debts owed to credit institutions | R0800 | - |
| Financial liabilities other than debts owed to credit institutions | R0810 | |
| Insurance & intermediaries payables | R0820 | 124.530,6 |
| Reinsurance payables | R0830 | 16,4 |
| Payables (trade, not insurance) | R0840 | 153.615,9 |
| Subordinated liabilities | R0850 | - |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | - |
| Any other liabilities, not elsewhere shown | R0880 | 41.785,1 |
| **Total liabilities** | R0900 | **31.911.096,4** |
| **Excess of assets over liabilities** | R1000 | **1.139.080,6** |

**Annex I**
**S.05.01.02**
**Premiums, claims and expenses by line of business**

*(euro thousands)*

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | R1410 | - | - | 7,941,458.4 | - | - | - | - | - | 7,941,458.4 |
| Reinsurers' share | R1420 | - | - | 65.2 | - | - | - | - | - | 65.2 |
| Net | R1500 | - | - | 7,941,393.2 | - | - | - | - | - | 7,941,393.2 |
| **Premiums earned** | | | | | | | | | | |
| Gross | R1510 | - | - | 7,941,458.4 | - | - | - | - | - | 7,941,458.4 |
| Reinsurers' share | R1520 | - | - | - | - | - | - | - | - | - |
| Net | R1600 | - | - | 7,941,458.4 | - | - | - | - | - | 7,941,458.4 |
| **Claims incurred** | | | | | | | | | | |
| Gross | R1610 | - | - | 2,684,093.7 | - | - | - | - | - | 2,684,093.7 |
| Reinsurers' share | R1620 | - | - | 26.5 | - | - | - | - | - | 26.5 |
| Net | R1700 | - | - | 2,684,067.2 | - | - | - | - | - | 2,684,067.2 |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross | R1710 | - | - | -5,642,169.7 | - | - | - | - | - | -5,642,169.7 |
| Reinsurers' share | R1720 | - | - | - | - | - | - | - | - | - |
| Net | R1800 | - | - | -5,642,169.7 | - | - | - | - | - | -5,642,169.7 |
| **Expenses incurred** | R1900 | - | - | 393,662.5 | - | - | - | - | - | 393,662.5 |
| **Other expenses** | R2500 | | | | | | | | | - |
| **Total expenses** | R2600 | | | | | | | | | 393,662.5 |

**Annex I**
**S.12.01.02**
**Life and Health SLT Technical Provisions**

*(euro thousands)*

| | | Insurance with profit participation | Index-linked and unit-linked insurance | | | Other life insurance | | | Total (Life other than health insurance, incl. Unit-Linked) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Contracts without options and guarantees | Contracts with options or guarantees | | Contracts without options and guarantees | Contracts with options or guarantees | |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0150 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | **R0020** | - | - | | | - | | | - |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | |
| **Best Estimate** | | | | | | | | | |
| **Gross Best Estimate** | **R0030** | - | | 31,371,500.1 | - | | - | -1,111.6 | 31,371,500.1 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | - | | - | - | | - | - | - |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | **R0090** | - | | 31,371,500.1 | - | | - | -1,111.6 | 31,371,500.1 |
| **Risk Margin** | **R0100** | - | 134,997.7 | | | - | | | 134,997.7 |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | |
| Technical Provisions calculated as a whole | **R0110** | - | - | | | - | | | - |
| Best estimate | **R0120** | - | | | | | | | - |
| Risk margin | **R0130** | - | - | | | - | | | - |
| **Technical provisions - total** | **R0200** | - | 31,506,497.8 | | | - | | | 31,506,497.8 |

# S.23.01.01

**Annex I**
**S.23.01.01**
**Own funds**

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 625.0 | 625.0 | | | |
| Share premium account related to ordinary share capital | R0030 | 9.9 | 9.9 | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | 1,034,001.7 | 1,034,001.7 | | | |
| Subordinated liabilities | R0140 | - | | - | - | |
| An amount equal to the value of net deferred tax assets | R0160 | - | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | R0180 | 104,444.09 | 104,444.09 | | | |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | 1,139,080.6 | 1,139,080.6 | - | - | - |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |

*(euro thousands)*

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 1,139,080.6 | 1,139,080.6 | - | - | - |
| Total available own funds to meet the MCR | R0510 | 1,139,080.6 | 1,139,080.6 | - | - | |
| Total eligible own funds to meet the SCR | R0540 | 1,139,080.6 | 1,139,080.6 | - | - | - |
| Total eligible own funds to meet the MCR | R0550 | 1,139,080.6 | 1,139,080.6 | - | - | |
| **SCR** | R0580 | 410,241.3 | | | | |
| **MCR** | R0600 | 184,608.6 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 277.7% | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 617.0% | | | | |

| | | C0060 |
|---|---|---|
| **Reconciliation reserve** | | |
| Excess of assets over liabilities | R0700 | 1,139,080.6 |
| Own shares (held directly and indirectly) | R0710 | - |
| Foreseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 105,079.0 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced | R0740 | - |
| **Reconciliation reserve** | R0760 | 1,034,001.7 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | - |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0780 | - |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | - |

# S.25.01.21

**Annex I**

**S.25.01.21**
**Solvency Capital Requirement - for undertakings on Standard Formula**

*(euro thousands)*

| | | Gross solvency capital | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 207,947.9 | | |
| Counterparty default risk | R0020 | 24,822.1 | | |
| Life underwriting risk | R0030 | 285,871.1 | | |
| Health underwriting risk | R0040 | | | |
| Non-life underwriting risk | R0050 | | | |
| Diversification | R0060 | -116,854.2 | | |
| Intangible asset risk | R0070 | | | |
| **Basic Solvency Capital Requirement** | R0100 | 401,786.9 | | |

| **Calculation of Solvency Capital Requirement** | | C0100 |
|---|---|---|
| Operational risk | R0130 | 67,060.2 |
| Loss-absorbing capacity of technical provisions | R0140 | |
| Loss-absorbing capacity of deferred taxes | R0150 | -58,605.9 |
| Capital requirement for business operated in accordance with Art. 4 of Directive | R0160 | - |
| **Solvency capital requirement excluding capital add-on** | R0200 | 410,241.3 |
| Capital add-on already set | R0210 | |
| **Solvency capital requirement** | R0220 | 410,241.3 |

| **Other information on SCR** | | |
|---|---|---|
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

# S.28.01.01

**Annex I**
**S.28.01.01**
**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**

**Linear formula component for life insurance and reinsurance obligations**

*(euro thousands)*

| | | C0040 |
|---|---|---|
| $MCR_L$ Result | R0200 | 220,788.6 |

*(euro thousands)*

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation - guaranteed benefits | R0210 | - | |
| Obligations with profit participation - future discretionary benefits | R0220 | - | |
| Index-linked and unit-linked insurance obligations | R0230 | 31,371,500.1 | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | - | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | 1,697,288.4 |

**Overall MCR calculation**

*(euro thousands)*

| | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 220,788.6 |
| SCR | R0310 | 410,241.3 |
| MCR cap | R0320 | 184,608.6 |
| MCR floor | R0330 | 102,560.3 |
| Combined MCR | R0340 | 184,608.6 |
| Absolute floor of the MCR | R0350 | 3,700.0 |
| | | C0070 |
| **Minimum Capital Requirement** | R0400 | 184,608.6 |

**The Insurance Parent Company**
**INTESA SANPAOLO VITA S.p.A.**
Headquarters: Corso Inghilterra, 3 – 10138 Turin
Administration offices: Viale Stelvio, 55/57 – 20159 Milan
Turin Companies Register No. 02505650370 – Share capital 320,422,508.00 euro fully paid
Listed on the Register of Insurance and Reinsurance Companies at no. 1.00066
Parent Company of the Intesa Sanpaolo Vita Insurance Group, listed on the Register of Insurance Groups at no. 28
Company subject to direction and coordination by Intesa Sanpaolo S.p.A.

# Independent Auditors Reports

The following pages contain the Reports of the auditing firm KPMG S.p.A., which was engaged by Intesa Sanpaolo Vita S.p.A.. The reports include the findings of the audits of the Intesa Sanpaolo Vita Insurance Group and the Italian Group companies for Section D “Information on valuation for solvency purposes” and sub-section E.1 “Own Funds”, according to the provisions of Article 47f(7) of the Italian Code of Private Insurance, and in accordance with the IVASS Letter to the Market of 07 December 2016.

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

# Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 10 of the IVASS letter to the market of 7 December 2016

*To the board of directors of*
*Intesa Sanpaolo Vita S.p.A.*

## *Opinion*

We have audited the following elements of the 2017 Solvency and Financial Condition Report (the "SFCR") of Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) Regulation no. 33/2016:

- the "S.02.01.02 Balance Sheet" and "S.23.01.22 Own funds" templates for Intesa Sanpaolo Vita Insurance Group (the "templates");
- the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Intesa Sanpaolo Vita Insurance Group (the "disclosures").

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016, our procedures did not cover:

- the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance Sheet" template;
- the Solvency Capital Requirement (item R0680) and Minimum consolidated Group Capital Requirement (item R0610) of the "S.23.01.22 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "templates and related disclosures".

In our opinion, the templates and related disclosures of Intesa Sanpaolo Vita Insurance Group referred to above and included in the Group SFCR, as at 31

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R.E.A. Milano N. [illegible]
Partita IVA [illegible]
VAT number [illegible]
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

December 2017, have been prepared, in all material respects, in accordance with the applicable European Union requirements and the Italian sector legislation.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the templates and related disclosures*" section of our report. We are independent of Intesa Sanpaolo Vita S.p.A. (the "Company") in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to our audit of the templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of matter - Basis of preparation, purposes and restriction on use*

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The templates and related disclosures have been prepared in accordance the requirements of the European Union directly applicable and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

### *Other matters*

The Company prepared its consolidated financial statements as at 31 December 2017 in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 90 of Legislative decree no. 209 of 7 September 2005. We audited those consolidated financial statements and issued our audit report thereon on 28 February 2018.

### *Other information presented in the SFCR*

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the requirements of the European Union directly applicable and the Italian sector legislation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.22.01.22 Impact of long term guarantees and transitional measures", "S.25.01.22 Solvency Capital Requirements - for groups on Standard Formula" and "S.32.01.22 Undertakings in the scope of the Group" templates;
- the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the Standard Formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the templates and related disclosures does not extend to the other information.

In connection with our audit of the templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Where we identify possible inconsistencies or significant errors, we are required to determine whether there is a significant error in the templates and related disclosures or other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Vita S.p.A. for the templates and related disclosures*

The directors are responsible for the preparation of the templates and related disclosures in accordance with the requirements of the European Union directly applicable, the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

*Auditors' responsibilities for the audit of the templates and related disclosures*

Our objectives are to obtain reasonable assurance about whether the templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit of the templates and related disclosures in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 15 June 2018

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

# Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 10 of the IVASS letter to the market of 7 December 2016

*To the board of directors of*
*Intesa Sanpaolo Vita S.p.A.*

## *Opinion*

We have audited the following elements of the 2017 Solvency and Financial Condition Report (the "SFCR") of Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) Regulation no. 33/2016:

- the "S.02.01.02 Balance Sheet" and "S.23.01.01 Own funds" templates for Intesa Sanpaolo Vita S.p.A. (the "Company"), (the "templates");
- the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Intesa Sanpaolo Vita S.p.A. (the "disclosures").

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016, our procedures did not cover:

- the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance Sheet" template;
- the Solvency Capital Requirement (item R0580) and Minimum Capital Requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "templates and related disclosures".

In our opinion, the templates and related disclosures of Intesa Sanpaolo Vita S.p.A. referred to above and included in the Group's SFCR, as at 31 December 2017, have been prepared, in all material respects, in accordance with the applicable European Union requirements and the Italian sector legislation.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Partita IVA [illegible]
VAT number [illegible]
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditors' *responsibilities for the audit of the templates and related disclosures*" section of our report. We are independent of the Company in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to our audit of the templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The templates and related disclosures have been prepared in accordance with the requirements of the European Union directly applicable and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

### Other matters

The Company prepared its separate financial statements as at 31 December 2017 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 28 February 2018.

### Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the requirements of the European Union directly applicable and the Italian sector legislation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.12.01.02 Life and Health SLT Technical Provisions", "S.17.01.02 Non-life Technical Provisions", "S.19.01.21 Non-life insurance claims information", "S.22.01.21 Impact of long term guarantees and transitional measures", "S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula" and "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" templates;
- the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the Standard Formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the templates and related disclosures does not extend to the other information.

In connection with our audit of the templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Where we identify possible inconsistencies or significant errors, we are required to determine whether there is a significant error in the templates and related disclosures or other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Vita S.p.A. for the templates and related disclosures*

The directors are responsible for the preparation of the templates and related disclosures in accordance with the requirements of the European Union directly applicable, the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The Collegio Sindacale is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

### *Auditors' responsibilities for the audit of the templates and related disclosures*

Our objectives are to obtain reasonable assurance about whether the templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit of the templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 15 June 2018

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the templates and related disclosures*" section of our report. We are independent of the Company in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to our audit of the templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of matter - Basis of preparation, purposes and restriction on use*

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The templates and related disclosures have been prepared in accordance with the requirements of the European Union directly applicable and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

### *Other matters*

The Company prepared its separate financial statements as at 31 December 2017 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 27 February 2018.

### *Other information presented in the SFCR*

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the requirements of the European Union directly applicable and the Italian sector legislation.

The other information presented in the SFCR comprises:

— the "S.05.01.02 Premiums, claims and expenses by line of business", "S.17.01.02 Non-life Technical Provisions", "S.19.01.21 Non-life insurance claims information", "S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula" and "S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity" templates;

— the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the Standard Formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the templates and related disclosures does not extend to the other information.

In connection with our audit of the templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Where we identify possible inconsistencies or significant errors, we are required to determine whether there is a significant error in the templates and related disclosures or other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Intesa Sanpaolo Assicura S.p.A. for the templates and related disclosures*

The directors are responsible for the preparation of the templates and related disclosures in accordance with the requirements of the European Union directly applicable, the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

### *Auditors' responsibilities for the audit of the templates and related disclosures*

Our objectives are to obtain reasonable assurance about whether the templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit of the templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 15 June 2018

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

# Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 10 of the IVASS letter to the market of 7 December 2016

*To the board of directors of*
*Fideuram Vita S.p.A.*

## *Opinion*

We have audited the following elements of the 2017 Solvency and Financial Condition Report (the "SFCR") of Intesa Sanpaolo Vita Insurance Group (the "Group"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005 and availing of the option provided for by article 216-novies of Legislative decree no. 209/2005 and article 36.1 of IVASS (the Italian Insurance Supervisory Authority) Regulation no. 33/2016:

- the "S.02.01.02 Balance Sheet" and "S.23.01.01 Own funds" templates for Fideuram Vita S.p.A. (the "Company"), (the "templates");
- the "D. Valuation for solvency purposes" and "E.1. Own funds" sections relating to Fideuram Vita S.p.A. (the "disclosures").

As required by articles 9 and 10 of the IVASS letter to the market of 7 December 2016, our procedures did not cover:

- the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance Sheet" template;
- the Solvency Capital Requirement (item R0580) and Minimum Capital Requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "templates and related disclosures".

In our opinion, the templates and related disclosures of Fideuram Vita S.p.A. referred to above and included in the Group's SFCR, as at 31 December 2017, have been prepared, in all material respects, in accordance with the applicable European Union requirements and the Italian sector legislation.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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VAT number [illegible]
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the templates and related disclosures*" section of our report. We are independent of the Company in accordance with the ethics and independence rules and standards of the Code of Ethics for Professional Accountants ("IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to our audit of the templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The templates and related disclosures have been prepared in accordance with the requirements of the European Union directly applicable and the Italian sector legislation for the solvency supervisory reporting purposes, which is a regulatory framework with specific purposes. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

### Other matters

The Company prepared its separate financial statements as at 31 December 2017 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 27 February 2018.

### Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the requirements of the European Union directly applicable and the Italian sector legislation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.12.01.02 Life and Health SLT Technical Provisions", "S.22.01.21 Impact of long term guarantees and transitional measures", "S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula" and "S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity" templates;
- the "A. Activities and results", "B. Governance system", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Use of the equity risk submodule based on the duration in the SCR calculation", "E.4. Differences between the Standard Formula and the internal model", "E.5. Failure to meet the MCR and SCR" and "E.6. Other information" sections.

Our opinion on the templates and related disclosures does not extend to the other information.

In connection with our audit of the templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Where we identify possible inconsistencies or significant errors, we are required to determine whether there is a significant error in the templates and related disclosures or other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Fideuram Vita S.p.A. for the templates and related disclosures*

The directors are responsible for the preparation of the templates and related disclosures in accordance with the requirements of the European Union directly applicable, the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

*Auditors' responsibilities for the audit of the templates and related disclosures*

Our objectives are to obtain reasonable assurance about whether the templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit of the templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 15 June 2018

KPMG S.p.A.

(signed on the original)

Riccardo De Angelis
Director of Audit